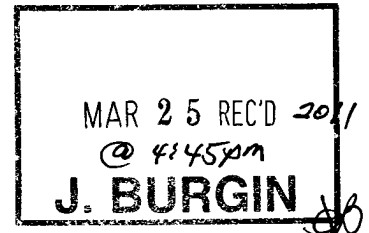




COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR



STEVEN L. BESHEAR  
GOVERNOR

700 CAPITOL AVENUE  
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FRANKFORT, KY 40601  
(502) 564-2611  
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**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 1 OF THE**  
**2011 FIRST EXTRAORDINARY SESSION**

House Bill 1 of the 2011 First Extraordinary Session of the Kentucky General Assembly ("11 SS HB 1/EN") enacted certain amendments to the Executive Branch Budget [2010 (1<sup>st</sup> Extra. Sess.) Ky. Acts Ch. 1], the Transportation Cabinet Budget [2010 (1<sup>st</sup> Extra. Sess.) Ky. Acts, Ch. 3], the Judicial Branch Budget [2010 Ky. Acts, Ch. 154] and the Legislative Branch Budget [2010 Ky. Acts, Ch. 156]. Section 1 of 11 SS HB 1/EN states that only changes in that bill marked with bold, italics, and underlined or bracketed and struck through represent amendments to the branch budget bills enacted in the 2010 First Extraordinary Session.

**1. Operating Budgets – General Fund Appropriations Reductions**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 2, line 9, in its entirety.  
Page 2, line 15, in its entirety.  
Page 2, line 17, in its entirety.  
Page 2, line 20, in its entirety.  
Page 2, line 23, in its entirety.  
Page 2, line 27, in its entirety.

Page 3, line 3, in its entirety.  
Page 3, line 5, in its entirety.

Page 5, line 2, in its entirety.  
Page 5, line 5, in its entirety.

RECEIVED AND FILED  
DATE April 7, 2011  
8:31 AM  
\_\_\_\_\_  
ELAINE N. WALKER  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY E. Walker

Page 5, line 26, in its entirety.

Page 6, line 2, in its entirety.

Page 6, line 18, in its entirety.

Page 6, line 20, in its entirety.

Page 6, line 23, in its entirety.

Page 6, line 26, in its entirety.

Page 7, line 2, in its entirety.

Page 14, line 2, in its entirety.

Page 14, line 16, in its entirety.

Page 14, line 18, in its entirety.

Page 14, line 21, in its entirety.

Page 14, line 23, in its entirety.

Page 15, line 2, in its entirety.

Page 15, line 5, in its entirety.

Page 16, line 4, in its entirety.

Page 16, line 7, in its entirety.

Page 16, line 10, in its entirety.

Page 18, line 3, in its entirety.

Page 18, line 6, in its entirety.

Page 18, line 9, in its entirety.

Page 18, line 12, in its entirety.

Page 18, line 15, in its entirety.

Page 18, line 18, in its entirety.

Page 18, line 21, in its entirety.

Page 18, line 24, in its entirety.

Page 19, line 5, in its entirety.

Page 19, line 8, in its entirety.

Page 20, line 6, in its entirety.

Page 20, line 8, in its entirety.

Page 26, line 19, in its entirety.

Page 26, line 21, in its entirety.

Page 27, line 1, Veto only that portion under the 2011-12 heading.

Page 30, line 10, in its entirety.

Page 31, line 14, Veto only that portion under the 2011-12 heading.

Page 31, line 18, Veto only that portion under the 2011-12 heading.

Page 31, line 23, in its entirety.

Page 31, line 25, in its entirety.

Page 32, line 26, in its entirety.

Page 33, line 2, in its entirety.

Page 33, line 5, in its entirety.

Page 33, line 7, in its entirety.

Page 33, line 17, in its entirety.

Page 33, line 20, in its entirety.

Page 33, line 25, in its entirety.

Page 34, line 14, in its entirety.

Page 34, line 17, in its entirety.

Page 35, line 4, in its entirety.

Page 35, line 7, in its entirety.

Page 48, line 11, in its entirety.

Page 48, line 14, in its entirety.

Page 48, line, 19, in its entirety.

Page 48, line, 22, in its entirety.

Page 49, line 1, in its entirety.

Page 49, line 3, in its entirety.

Page 49, line 6, in its entirety.

Page 49, line 9, in its entirety.

Page 49, line 18, in its entirety.

Page 49, line 21, in its entirety.

Page 50, line 3, in its entirety.

Page 50, line 6, in its entirety.

Page 50, line 11, in its entirety.

Page 50, line 14, in its entirety.

Page 50, line 17, in its entirety.

Page 50, line 20, in its entirety.

Page 50, line 23, in its entirety.

Page 50, line 26, in its entirety.

Page 52, line 17, in its entirety.

Page 52, line 20, in its entirety.

Page 55, line 20, in its entirety.

Page 55, line 23, in its entirety.

Page 56, line 13, in its entirety.

Page 56, line 17, in its entirety.

Page 56, line 22, in its entirety.

Page 56, line 25, in its entirety.

Page 57, line 4, in its entirety.

Page 57, line 8, in its entirety.

Page 58, line 2, in its entirety.

Page 58, line 5, in its entirety.

Page 58, line 22, in its entirety.

Page 58, line 25, in its entirety.

Page 59, line 24, in its entirety.

Page 59, line 27, in its entirety.

Page 60, line 11, in its entirety.

Page 60, line 12, in its entirety.

Page 61, line 9, in its entirety.

Page 61, line 13, in its entirety.

Page 61, line 18, in its entirety.

Page 61, line 22, in its entirety.

Page 62, line 10, in its entirety.

Page 62, line 12, in its entirety.

Page 62, line 21, in its entirety.

Page 62, line 22, in its entirety.

Page 63, line 1, in its entirety.

Page 63, line 4, in its entirety.

Page 63, line 10, in its entirety.

Page 63, line 12, in its entirety.

Page 64, line 4, in its entirety.

Page 64, line 7, in its entirety.

Page 64, line 26, in its entirety.

Page 65, line 1, in its entirety.

Page 65, line 8, in its entirety.

Page 65, line 12, in its entirety.

Page 65, line 17, in its entirety.

Page 65, line 20, in its entirety.

Page 66, line 18, in its entirety.  
Page 66, line 21, in its entirety.

Page 67, line 1, in its entirety.  
Page 67, line 4, in its entirety.

Page 76, line 2, in its entirety.  
Page 76, line 5, in its entirety.

Page 78, line 7, in its entirety.  
Page 78, line 10, in its entirety.

Page 79, line 14, in its entirety.  
Page 79, line 16, in its entirety.  
Page 79, line 19, in its entirety.  
Page 79, line 22, in its entirety.  
Page 79, line 25, in its entirety.

Page 80, line 1, in its entirety.  
Page 80, line 5, in its entirety.  
Page 80, line 8, in its entirety.

Page 81, line 18, in its entirety.  
Page 81, line 21, in its entirety.

Page 82, line 14, in its entirety.  
Page 82, line 17, in its entirety.

Page 83, line 23, in its entirety.  
Page 83, line 26, in its entirety.

Page 84, line 6, in its entirety.  
Page 84, line 10, in its entirety.

Page 85, line 5, in its entirety.  
Page 85, line 8, in its entirety.

Page 86, line 24, in its entirety.  
Page 86, line 27, in its entirety.

Page 89, line 16, in its entirety.  
Page 89, line 19, in its entirety.

Page 92, line 12, in its entirety.

Page 93, line 4, in its entirety.

Page 93, line 7, in its entirety.  
Page 93, line 10, in its entirety.  
Page 93, line 13, in its entirety.  
Page 93, line 22, in its entirety.  
Page 93, line 26, in its entirety.

Page 94, line 9, in its entirety.  
Page 94, line 12, in its entirety.  
Page 94, line 15, in its entirety.  
Page 94, line 18, in its entirety.

Page 95, line 10, in its entirety.  
Page 95, line 13, in its entirety.  
Page 95, line 18, in its entirety.  
Page 95, line 20, in its entirety.

Page 96, line 10, in its entirety.  
Page 96, line 26, in its entirety.

Page 97, line 8, in its entirety.  
Page 97, line 10, in its entirety.  
Page 97, line 16, in its entirety.  
Page 97, line 19, in its entirety.

Page 108, line 25, in its entirety.  
Page 108, line 27, in its entirety.

Page 109, line 6, in its entirety.  
Page 109, line 8, in its entirety.  
Page 109, line 15, in its entirety.  
Page 109, line 18, in its entirety.  
Page 109, line 24, in its entirety.  
Page 109, line 26, in its entirety.

Page 110, line 2, in its entirety.  
Page 110, line 5, in its entirety.

Page 111, line 1, in its entirety.  
Page 111, line 5, in its entirety.  
Page 111, line 8, in its entirety.  
Page 111, line 13, in its entirety.  
Page 111, line 15, in its entirety.

Page 112, line 15, in its entirety.  
Page 112, line 18, in its entirety.  
Page 112, line 21, in its entirety.

Page 112, line 23, in its entirety.

Page 113, line 1, in its entirety.

Page 113, line 3, in its entirety.

Page 113, line 11, in its entirety.

Page 113, line 13, in its entirety.

Page 113, line 27, in its entirety.

Page 114, line 3, in its entirety.

Page 114, line 6, in its entirety.

Page 114, line 9, in its entirety.

Page 114, line 20, in its entirety.

Page 114, line 23, in its entirety.

Page 114, line 26, in its entirety.

Page 115, line 2, in its entirety.

Page 115, line 6, in its entirety.

Page 127, line 11, in its entirety.

Page 127, line 16, Veto only that portion under the 2011-12 heading.

Page 132, line 27, in its entirety.

Page 133, line 3, in its entirety.

Page 134, line 22, in its entirety.

Page 134, line 27, in its entirety.

Page 135, line 22, in its entirety.

Page 135, line 25, in its entirety.

Page 137, line 20, in its entirety.

Page 137, line 23, in its entirety.

Page 138, line 6, in its entirety.

Page 138, line 9, in its entirety.

Page 138, line 26, in its entirety.

Page 139, line 1, in its entirety.

Page 140, line 11, in its entirety.

Page 140, line 13, in its entirety.

Page 140, line 25, in its entirety.

Page 140, line 27, in its entirety.

Page 141, line 7, in its entirety.

Page 141, line 9, in its entirety.

*I am vetoing adjustments to each of these appropriations as reflected by the bold, italics and underlined or bracketed and struck through materials in these aforementioned lines, so as to restore each of these provisions as they originally appear in the 2010-2012 branch budget bills. I am vetoing this part because the \$57 million in General Fund across-the-board appropriation reductions to public safety, human services, and the many other parts of Kentucky's state government included in House Bill 1 are not necessary to balance the Medicaid budget. State government has endured eight instances of budget and spending reductions since fiscal year 2008, with significantly more reductions already included in next fiscal year's budget. Adding another set of across-the-board budget cuts, particularly to these areas of the budget which have endured the highest percentage budget reductions, many in the range of 20 to 35 percent, would impose an unnecessary reduction in services and programs. Our state police, our prosecutors, our social workers and many others should not have to pay for a shortfall in the Medicaid budget, unless absolutely necessary.*

*Due to the combined effect of adjustments in 11 SS HB 1/EN and my vetoes, in certain instances the figures that appear as totals and subtotals are no longer accurate summations of the appropriations in those budget units. Pursuant to KRS 48.313, totals and subtotals are provided for convenience only and do not constitute an appropriation. To the extent that a total conflicts with the individual appropriations of which it consists, the individual appropriations control.*

## **2. Education General Fund Appropriation Reductions**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 48, lines 4 through 7, in their entirety.

Page 100, lines 14 through 17, in their entirety.

Page 101, lines 11 through 14, in their entirety.

Page 101, lines 23 through 26, in their entirety.

Page 102, lines 9 through 12, in their entirety.

Page 102, lines 26 through 27, in their entirety.

Page 103, lines 1 through 2, in their entirety.

Page 103, lines 12 through 15, in their entirety.

Page 104, lines 13 through 16, in their entirety.

Page 105, lines 6 through 9, in their entirety.

Page 105, lines 18 through 21, in their entirety.



Page 108, lines 10 through 13, in their entirety.

*I am vetoing this part because the \$44 million in fiscal year 2011-2012 General Fund appropriation reductions to elementary and secondary education and postsecondary education included in House Bill 1 are not necessary to balance the Medicaid budget. Investments in Kentucky's schoolchildren and college and university students are critical to the Commonwealth's future. Without this veto, House Bill 1 would mandate the first cut to the SEEK formula funding since I became Governor. This is the program that provides state financing to Kentucky's 174 local school districts and it has been protected throughout the past eight budget and spending reductions. Similarly, our student financial aid programs for Kentucky's postsecondary education students have been spared from most of the past budget cuts. The risk of another budget cut to our K-12 schools and our higher education institutions is eliminated because of this veto.*

### **3. Medicaid Benefits Budget Surplus**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 71, lines 13 through 19, in their entirety.

*I am vetoing this part because the existing provision in the enacted budget is not binding and provides the Cabinet for Health and Family Services the opportunity to recommend actions if surplus funds are available.*

### **4. Medicaid Savings Utilization**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 75, lines 6 through 10, in their entirety.

*I am vetoing this part because this language removes flexibility in managing the Medicaid program.*

### **5. Medicaid Face-to-Face Interviews**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 75, lines 11 through 18, in their entirety.

*I am vetoing this part because it removes flexibility in managing the Medicaid program and the Kentucky Children's Health Insurance Program (KCHIP). Improving the health of Kentucky's children has been and continues to be a priority of my administration. In an effort to improve children's health, Kentucky was one of 48 states along with the District of Columbia that eliminated this requirement which creates an administrative barrier to enrollment of children into the program. In addition, this action would violate the maintenance of effort provisions of the Affordable Care Act related to Medicaid eligibility and could jeopardize federal funding for the Medicaid program.*

## **6. General Fund Expenditure Reductions**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 115, lines 10 through 27, in their entirety.

Page 116, line 1, in its entirety.

Page 116, line 2, the word "section."

*I am vetoing this part because the 2010-2012 biennial budget enacted by the 2010 Extraordinary Session of the General Assembly has already assumed General Fund spending reductions of \$168,900,000 in fiscal year 2011-2012. Repeating that requirement and imposing further restrictions on how they are to be achieved is unnecessary. Reductions of that level require maximum flexibility and management capabilities.*

## **7. General Fund Debt Restructuring**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 116, lines 7 through 15, in their entirety.

*I am vetoing this part because the 2010-2012 enacted budget counted on General Fund debt restructuring in fiscal year 2011-2012 of \$130,000,000, and this provision changes that amount. The impact of the change would cause about \$67 million in General Fund across-the-board appropriation reductions to the enacted budgets of state government agencies and programs. The enacted budget in fiscal year 2011-2012 already includes*

*an additional 6 percent reduction to most state government services in addition to \$168,900,000 in unspecified spending reductions still to be implemented. This amendment to the existing budget imposes an inordinate fiscal burden on education, public safety and human services, the areas that will bear the brunt of the impact of this provision.*

## **8. Road Fund Debt Restructuring**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 116, lines 16 through 22, in their entirety.

*I am vetoing this part because the Finance and Administration Cabinet and the Transportation Cabinet intend to fully carry out the intent of this provision under the Executive branch's debt management responsibilities. The enacted budget for fiscal year 2011-2012 assumed that \$52,000,000 in Road Fund debt would be restructured. The planned implementation prior to this Act was to only restructure the amount necessary to live within Road Fund debt service appropriation. With the appropriation changes in this Act none of the fiscal year 2010-2011 Road Fund debt restructuring will be necessary, which will save over \$11 million in the future. Continued debt management analysis in fiscal year 2011-2012 will determine the amount of restructuring needed to live within next fiscal year's appropriations.*

## **9. Debt Service**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 116, line 27, in its entirety.

Page 117, lines 1 through 2, in their entirety.

*I am vetoing this part because KRS 48.720 and Part III, Section 9 of the 2010-2012 enacted budget already require that unexpended General Fund debt service shall lapse to the General Fund Surplus Account. One of the traditional uses of unexpended debt service has been to pay for unbudgeted spending needs such as calling out the National Guard, forest fire suppression, and a higher prisoner population than budgeted.*

## **10. Reporting Requirements**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 117, lines 3 through 9, in their entirety.

*I am vetoing this part because it is duplicative of the existing reporting requirements in the 2010-2012 Executive Branch Budget Bill.*

## **11. General Fund Budget Reduction Provision**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 117, lines 10 through 12, in their entirety.

*I am vetoing this part because the Executive branch needs the maximum flexibility to contend with revenue shortfalls should they occur.*

## **12. Medicaid Managed Care Savings**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 117, lines 13 through 25, in their entirety.

*I am vetoing this part because the Executive Branch has the ability to determine budgetary savings from managed care initiatives and other efficiency measures with existing resources, making it unnecessary to expend additional unbudgeted funds for the suggested analysis.*

## **13. Medicaid Managed Care Analysis Reporting**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 117, lines 26 through 27, in their entirety.

Page 118, lines 1 through 11, in their entirety.

*I am vetoing this part because this provision is duplicative and unnecessary. Pursuant to a reporting requirement in the enacted budget, the Department for Medicaid Services is already required to submit detailed quarterly budget analysis reports to the Interim Joint Committee on Appropriations and Revenue regarding costs and trends in the Medicaid Program.*

#### **14. Additional Appropriations to Medicaid from Education Appropriation Reductions**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 118, lines 12 through 15, in their entirety.

*I am vetoing this part because I am separately vetoing the unnecessary fiscal year 2011-2012 appropriation reductions to the SEEK program and postsecondary education, which makes this provision inoperative.*

#### **15. Restoration of Education Funding**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 118, lines 16 through 23, in their entirety.

*I am vetoing this part because I am separately vetoing the unnecessary fiscal year 2011-2012 appropriation reductions to the SEEK program and postsecondary education, which makes this provision inoperative.*

## **16. Accounting and Auditing Services**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 118, lines 24 through 26, in their entirety.

*I am vetoing this part because this language is not necessary for the Legislative Research Commission to enter into a contract.*

## **17. Furlough provisions**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 119, lines 3 through 27, in their entirety.

Page 120, lines 1 through 27, in their entirety.

Page 121, lines 1 through 26, in their entirety.

*I am vetoing this part because it unnecessarily restricts the flexibility that the Executive branch needs to effectively manage revenue shortfalls and balance the budget. In order to avoid the layoffs that have plagued so many other states, I sought, and the General Assembly granted, the ability to furlough state employees for a limited number of days. With the judicious use of furloughs in conjunction with reductions in non-merit staff, personal service contracts, and other management efficiencies, we have been able to avoid mass layoffs. Elimination of this important fiscal management tool that many states and businesses have used to balance their budgets during this recession would unduly hinder the Executive branch in its obligations to balance the budget of the Commonwealth. If over the coming year our receipts grow enough that we can be sure that our budget will remain balanced, reducing the number of furlough days will be among the first things that we will consider.*

## **18. Federal Patient Protection and Affordable Care Act Receipts**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 121, line 27, in its entirety.

Page 122, lines 1 through 7, in their entirety.

*I am vetoing this part because this language is not necessary, as the receipts are already being reported to the Interim Joint Committee on Appropriations and Revenue and have been deposited into a separate fund and will be utilized in accordance with the Early Retiree Reinsurance Program which requires plan sponsors to use reimbursements under the program to lower their health benefit premiums or costs, to lower costs for plan participants, or any combination of the two.*

## **19. Legislative Compensation during Veto Period**

*I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 139, lines 21 through 27, in their entirety.

Page 140, lines 1 through 8, in their entirety.

*I am vetoing this part because it appears that Section 42 of the Kentucky Constitution prohibits the legislature from altering its compensation during any session at which the change in compensation was enacted. The same result can be accomplished by members of the General Assembly voluntarily reimbursing the Commonwealth for any compensation they may receive after March 24, 2011.*

This the 25<sup>th</sup> day of March, 2011



Steven L. Beshear, Governor



# **GENERAL ASSEMBLY**

## **COMMONWEALTH OF KENTUCKY**

**2011 EXTRAORDINARY SESSION**

---

HOUSE BILL NO. 1

AS ENACTED

---

THURSDAY, MARCH 24, 2011

---



1 AN ACT amending 2010-2012 branch budget bills, making an appropriation  
2 therefor, and declaring an emergency.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔Section 1. It is the intent of the General Assembly that only the changes to 2010  
5 Kentucky Acts Chapters 154 and 156 and 2010 (1st Extra. Sess.) Kentucky Acts Chapters  
6 1 and 3, marked with bold, italics, and underlined or bracketed and struck through  
7 represent amendments to the budget bills. Should any budget language be displayed, but  
8 not amended in the aforementioned manner, and if that displayed language contradicts  
9 any legislation passed by the 2011 Regular Session of the General Assembly, it is the  
10 intent of the General Assembly for the 2011 Regular Session legislation to control.

11 ➔Section 2. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part I, Operating  
12 Budget, at pages 1 to 58, as amended by 2010 (1st Extra. Sess.) Kentucky Acts Chapters  
13 3 and 6, is further amended to read as follows:

14 **PART I**

15 **OPERATING BUDGET**

16 **(1) Funds Appropriations:** There is appropriated out of the General Fund, Road  
17 Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the  
18 fiscal year beginning July 1, 2009, and ending June 30, 2010, for the fiscal year beginning  
19 July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011,  
20 and ending June 30, 2012, the following discrete sums, or so much thereof as may be  
21 necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each  
22 appropriation is made by source of respective fund or funds accounts. Appropriations for  
23 the following officers, cabinets, departments, boards, commissions, institutions,  
24 subdivisions, agencies, and budget units of the state government, and any and all other  
25 activities of the government of the Commonwealth, are subject to the provisions of  
26 Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the  
27 conditions and procedures set forth in this Act.

(2) **Tobacco Settlement Funds:** Appropriations identified as General Fund (Tobacco) in Part I, Operating Budget, of this Act are representative of the amounts provided in Part X, Phase I Tobacco Settlement, of this Act and are not to be appropriated in duplication.

## A. GENERAL GOVERNMENT

### Budget Units

#### 1. OFFICE OF THE GOVERNOR

	2010-11	2011-12
General Fund	<u>6,056,300</u> <del>[6,077,800]</del>	<u>5,912,400</u> <del>[6,017,000]</del>

(1) **Housing Allowance for the Lieutenant Governor:** Included in the above General Fund appropriation for the Office of the Governor is \$2,500 monthly as a housing allowance for the Lieutenant Governor's Office.

#### 2. OFFICE OF STATE BUDGET DIRECTOR

	2010-11	2011-12
General Fund	<u>3,164,200</u> <del>[3,175,400]</del>	<u>3,089,000</u> <del>[3,143,600]</del>
Restricted Funds	100,000	100,000
TOTAL	<u>3,264,200</u> <del>[3,275,400]</del>	<u>3,189,000</u> <del>[3,243,600]</del>

#### 3. STATE PLANNING FUND

	2010-11	2011-12
General Fund	<u>180,600</u> <del>[181,200]</del>	<u>176,300</u> <del>[179,400]</del>

#### 4. HOMELAND SECURITY

	2010-11	2011-12
General Fund	<u>211,600</u> <del>[212,300]</del>	<u>206,600</u> <del>[210,200]</del>
Restricted Funds	1,207,700	1,240,100
Federal Funds	21,771,600	21,314,100
Road Fund	250,000	250,000
TOTAL	<u>23,440,900</u> <del>[23,441,600]</del>	<u>23,010,800</u> <del>[23,014,400]</del>

**5. DEPARTMENT OF VETERANS' AFFAIRS**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>16,592,000</u> <del>[16,651,100]</del>	<u>16,681,300</u> <del>[16,976,600]</del>
Restricted Funds	28,236,300	28,767,000
TOTAL	<u>44,828,300</u> <del>[44,887,400]</del>	<u>45,448,300</u> <del>[45,743,600]</del>

**(1) Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans' Centers are authorized to continue the weekend and holiday premium pay incentive component of the Personnel Pilot Program for the 2010-2012 fiscal biennium.

**(2) Congressional Medal of Honor Recipients - Travel and Per Diem:** The Commissioner of the Department of Veterans' Affairs may approve travel and per diem expenses incurred when Kentucky residents who have been awarded the Congressional Medal of Honor attend veterans, military, or memorial events in the Commonwealth of Kentucky.

**(3) Veterans' Service Organization Funding:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for grants to the Veterans' Service Organization programs.

**(4) Veterans' Cemetery Northeast:** Included in the above General Fund appropriation is \$55,000 in fiscal year 2010-2011 for the personnel and operating expenses of the Veterans' Cemetery Northeast in Greenup County.

**(5) Debt Service - Fourth State Veterans' Nursing Home:** If any debt service is required for the issuance of bonds for the construction of the Fourth State Veterans' Nursing Home authorized in Part II, Capital Projects Budget, of this Act in fiscal year 2010-2011 or fiscal year 2011-2012, it shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). No bonds shall be sold for this project until it has been approved by the United States Department of Veterans' Affairs and the Commonwealth has been notified by the United States Department of Veterans' Affairs

that federal funds are available to support this construction.

**(6) Debt Service:** Included in the above General Fund appropriation is \$140,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(7) Brain Injury Alliance of Kentucky and the Epilepsy Foundation of Kentuckiana Funding:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for grants to the Brain Injury Alliance of Kentucky and \$100,000 in each fiscal year for grants to the Epilepsy Foundation of Kentuckiana to be used solely for the purpose of working with veterans who have experienced brain trauma and their families.

#### **6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	30,529,000	17,691,600
Restricted Funds	605,700	451,300
Federal Funds	500,000	500,000
<b>TOTAL</b>	<b>31,634,700</b>	<b>18,642,900</b>

**(1) Kentucky Agricultural Finance Corporation:** Notwithstanding KRS 247.978(2), the total amount of principal which a qualified applicant may owe the Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

**(2) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

**(3) Agricultural Development Appropriations:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$16,419,375 in fiscal year 2010-2011 and \$16,419,375 in fiscal year 2011-2012 for the counties account as specified in KRS 248.703(1)(a).

#### **7. KENTUCKY INFRASTRUCTURE AUTHORITY**

	2010-11	2011-12
General Fund	<u>2,421,300</u> [2,429,900]	<u>5,639,800</u> [5,739,600]
Restricted Funds	14,927,100	34,136,600
Federal Funds	150,269,200	56,879,600
TOTAL	<u>167,617,600</u> [167,626,200]	<u>96,656,000</u> [96,755,800]

**(1) Administrative Fee on Infrastructure for Economic Development Fund**

**Projects:** A one-half of one percent administrative fee is authorized to be paid to the Kentucky Infrastructure Authority for the administration of each project funded by the Infrastructure for Economic Development Fund for Coal-Producing Counties and the Infrastructure for Economic Development Fund for Tobacco Counties. These administrative fees shall be paid, upon inception of the project, out of the fund from which the project was allocated.

**(2) Local Government Economic Development Funds:** Included in the above

General Fund appropriation is \$370,000 in each year of the fiscal biennium from the Local Government Economic Development Fund to support services provided to coal-producing counties.

**(3) Debt Service:** Included in the above General Fund appropriation is \$899,500

in fiscal year 2010-2011 and \$2,574,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(4) Debt Service for Previously Overprogrammed Water and Sewer**

**Infrastructure Projects:** Included in the above General Fund appropriation is \$1,650,000 in fiscal year 2011-2012 for new debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

**8. MILITARY AFFAIRS**

	2010-11	2011-12
General Fund	<u>9,644,200</u> [9,678,500]	<u>8,792,300</u> [8,947,900]
Restricted Funds	42,460,800	39,328,200

1	Federal Funds	42,685,200	42,685,200
2	TOTAL	<u>94,790,200</u> <del>[94,824,500]</del>	<u>90,805,700</u> <del>[90,961,300]</del>

3       **(1) Kentucky National Guard:** There is appropriated from the General Fund the  
 4 necessary funds to be expended, subject to the conditions and procedures provided in this  
 5 Act, which are required as a result of the Governor's declaration of emergency pursuant to  
 6 KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty  
 7 when an emergency or exigent situation has been declared to exist by the Governor.  
 8 These necessary funds shall be made available from the General Fund Surplus Account  
 9 (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

10       **(2) Disaster or Emergency Aid Funds:** There is appropriated from the General  
 11 Fund the necessary funds, subject to the conditions and procedures in this Act, which are  
 12 required to match federal aid for which the state would be eligible in the event of a  
 13 presidentially declared disaster or emergency. These necessary funds shall be made  
 14 available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve  
 15 Trust Fund Account (KRS 48.705).

## 16   **9. COMMISSION ON HUMAN RIGHTS**

17		<b>2010-11</b>	<b>2011-12</b>
18	General Fund	<u>1,715,400</u> <del>[1,721,500]</del>	<u>1,674,700</u> <del>[1,704,300]</del>
19	Federal Funds	256,200	256,100
20	TOTAL	<u>1,971,600</u> <del>[1,977,700]</del>	<u>1,930,800</u> <del>[1,960,400]</del>

## 21   **10. COMMISSION ON WOMEN**

22		<b>2010-11</b>	<b>2011-12</b>
23	General Fund	<u>211,400</u> <del>[212,100]</del>	<u>206,400</u> <del>[210,000]</del>

## 24   **11. DEPARTMENT FOR LOCAL GOVERNMENT**

25		<b>2010-11</b>	<b>2011-12</b>
26	General Fund	<u>8,528,200</u> <del>[8,558,500]</del>	<u>8,614,400</u> <del>[8,766,900]</del>
27	Restricted Funds	200,000	200,000

1	Federal Funds	59,807,700	58,572,900
2	TOTAL	<u>68,535,900</u> <del>[68,566,200]</del>	<u>67,387,300</u> <del>[67,539,800]</del>

3       **(1) Debt Service:** Included in the above General Fund appropriation is \$294,000  
 4 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II,  
 5 Capital Projects Budget, of this Act.

6       **(2) Support of the 12 Multi-County Regional Industrial Park Authorities:**  
 7 Included in the above Restricted Funds appropriation is \$200,000 in fiscal year 2010-  
 8 2011 and \$200,000 in fiscal year 2011-2012 in support of the 12 Multi-County regional  
 9 industrial park authorities. Funds shall be distributed equally to the 12 Multi-County  
 10 regional industrial park authorities for marketing and maintenance of the industrial parks  
 11 and the procurement of property and casualty insurance on the parks.

## 12   **12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

13		<b>2010-11</b>	<b>2011-12</b>
14	General Fund	54,422,100	67,281,600

## 15   **13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT** 16   **FUND**

17		<b>2010-11</b>	<b>2011-12</b>
18	General Fund	39,313,000	37,743,300

19       **(1) Coal Severance Tax Collections Calculations and Transfers:** The above  
 20 appropriations from the General Fund are based on the official estimate presented by the  
 21 Office of State Budget Director for coal severance tax collections during the biennium,  
 22 distributed in accordance with KRS 42.450 to 42.495.

23       **(2) Kentucky Workers' Compensation Funding Commission:**  
 24 Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the  
 25 Kentucky Workers' Compensation Funding Commission in fiscal year 2010-2011 and  
 26 fiscal year 2011-2012.

27       **(3) Osteopathic Medicine Scholarship Program:** The transfer of moneys from

1 the General Fund to the Local Government Economic Development Fund shall be made  
2 after the transfer to the Osteopathic Medicine Scholarship Program has been made  
3 pursuant to KRS 164.7891(11) and (12) in the amount of \$901,800 in fiscal year 2010-  
4 2011 and \$872,500 in fiscal year 2011-2012 within the Kentucky Higher Education  
5 Assistance Authority.

6 **(4) Trover Clinic Grant:** Notwithstanding KRS 42.4582 and 42.4585, the  
7 quarterly calculation and transfer of the funds shall be made only after each quarterly  
8 installment of the annual appropriation of \$1,000,000 in fiscal year 2010-2011 and  
9 \$1,000,000 in fiscal year 2011-2012 has been credited to the Trover Clinic Grant within  
10 the Department for Local Government.

11 **(5) Pharmacy Scholarship Fund:** Notwithstanding KRS 164.7901(11) to (13),  
12 no funds shall be transferred to the Pharmacy Scholarship Program Fund within the  
13 Kentucky Higher Education Assistance Authority in fiscal year 2010-2011 and fiscal year  
14 2011-2012.

15 **(6) Mine Safety:** Notwithstanding KRS 42.4582 and 42.4585, the quarterly  
16 calculation and transfer of moneys from the General Fund to the Local Government  
17 Economic Development Fund shall be made only after each quarterly installment of the  
18 annual appropriation of \$4,300,000 in fiscal year 2010-2011 and \$4,400,000 in fiscal year  
19 2011-2012 has been made to the Office of Mine Safety and Licensing, Natural Resources  
20 budget unit.

21 **(7) School Facilities Construction Commission - 2002-2004:** Notwithstanding  
22 KRS 42.4592, the quarterly calculation of the allocation of moneys to coal-producing  
23 counties through the Local Government Economic Development Fund in fiscal year  
24 2010-2011 shall be made only after funds totaling \$4,617,900, and in fiscal year 2011-  
25 2012 shall be made only after funds totaling \$4,617,900, are appropriated as General  
26 Fund moneys to the School Facilities Construction Commission budget unit to provide  
27 debt service to support previously authorized bonds authorized in 2003 Ky. Acts ch. 156.



1       **(8) Water and Sewer Resources Development Fund for Coal-Producing**  
2       **Counties - 2002-2004:** Notwithstanding KRS 42.4592, the quarterly calculation of the  
3       allocation of moneys to coal-producing counties through the Local Government  
4       Economic Development Fund shall be made only after each quarterly installment of the  
5       annual appropriation of \$4,091,400 in fiscal year 2010-2011 and \$4,091,400 in fiscal year  
6       2011-2012 is appropriated as General Fund moneys to the Finance and Administration  
7       Cabinet, Debt Service budget unit, to provide General Fund debt service to support  
8       previously authorized bonds for the Water and Sewer Resources Development Fund for  
9       Coal-Producing Counties authorized in 2003 Ky. Acts ch. 156.

10       **(9) KIA Infrastructure for Economic Development Fund for Coal-Producing**  
11       **Counties - 2004-2006:** Notwithstanding KRS 42.4592, the quarterly calculation of the  
12       allocation of moneys to coal-producing counties through the Local Government  
13       Economic Development Fund shall be made only after each quarterly installment of the  
14       annual appropriation of \$694,200 in fiscal year 2011-2012 is appropriated as General  
15       Fund moneys to the Finance and Administration Cabinet, Debt Service budget unit, to  
16       provide General Fund debt service to support a portion of the previously authorized bonds  
17       for the KIA Infrastructure for Economic Development Fund for Coal-Producing Counties  
18       authorized in 2005 Ky. Acts ch. 173.

19       **(10) Infrastructure for Economic Development Fund for Coal-Producing**  
20       **Counties - 2006-2008:** Notwithstanding KRS 42.4592, the quarterly calculation of the  
21       allocation of moneys to coal-producing counties through the Local Government  
22       Economic Development Fund shall be made only after each quarterly installment of the  
23       annual appropriation of \$8,676,300 in fiscal year 2010-2011 and \$8,562,300 in fiscal year  
24       2011-2012 is appropriated as General Fund moneys to the Finance and Administration  
25       Cabinet, Debt Service budget unit, to provide General Fund debt service to support  
26       previously authorized bonds for the Infrastructure for Economic Development Fund for  
27       Coal-Producing Counties authorized in 2006 Ky. Acts ch. 252.

1       **(11) Infrastructure for Economic Development Fund for Coal-Producing**  
 2       **Counties - 2008-2010:** Notwithstanding KRS 42.4592, the quarterly calculation of the  
 3       allocation of moneys to coal-producing counties through the Local Government  
 4       Economic Development Fund shall be made only after each quarterly installment of the  
 5       annual appropriation of \$7,557,600 in fiscal year 2010-2011 and \$7,538,000 in fiscal year  
 6       2011-2012 is appropriated as General Fund moneys to the Kentucky Infrastructure  
 7       Authority budget unit, to provide General Fund debt service to support previously  
 8       authorized bonds for the Infrastructure for Economic Development Fund for Coal-  
 9       Producing Counties authorized in 2008 Ky. Acts ch. 127.

10       **(12) Read to Achieve:** Notwithstanding KRS 42.4592, the quarterly calculation of  
 11       the allocation of moneys to coal-producing counties through the Local Government  
 12       Economic Development Fund shall be made only after each quarterly installment of the  
 13       annual appropriation of \$3,000,000 in fiscal year 2010-2011 and \$3,000,000 in fiscal year  
 14       2011-2012 is appropriated as General Fund moneys to the Learning and Results Services  
 15       budget unit for the Read to Achieve Program within the Department of Education.

16       **(13) Robinson Scholars Program:** Notwithstanding KRS 42.4592, the quarterly  
 17       calculation of the allocation of moneys to coal-producing counties through the Local  
 18       Government Economic Development Fund shall be made only after each quarterly  
 19       installment of the annual appropriation of \$1,000,000 in fiscal year 2010-2011 and  
 20       \$1,000,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the  
 21       University of Kentucky budget unit for the Robinson Scholars Program.

22       **(14) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the  
 23       quarterly calculation of the allocation of moneys to coal-producing counties through the  
 24       Local Government Economic Development Fund shall be made only after each quarterly  
 25       installment of the annual appropriation of \$370,000 in fiscal year 2010-2011 and  
 26       \$370,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the  
 27       Kentucky Infrastructure Authority budget unit.

1       **(15) Department for Local Government:** Notwithstanding KRS 42.4592, the  
2       quarterly calculation of the allocation of moneys to coal-producing counties through the  
3       Local Government Economic Development Fund shall be made only after each quarterly  
4       installment of the annual appropriation of \$669,700 in fiscal year 2010-2011 and  
5       \$669,700 in fiscal year 2011-2012 is appropriated as General Fund moneys to the  
6       Department for Local Government budget unit.

7       **(16) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592,  
8       the quarterly calculation of the allocation of moneys to coal-producing counties through  
9       the Local Government Economic Development Fund shall be made only after each  
10      quarterly installment of the annual appropriation of \$300,000 in fiscal year 2010-2011  
11      and \$300,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the  
12      University of Kentucky budget unit for the Mining Engineering Scholarship Program.

13      **(17) School Technology in Coal Counties:** Notwithstanding KRS 42.4592, the  
14      quarterly calculation of the allocation of moneys to coal-producing counties through the  
15      Local Government Economic Development Fund shall be made only after each quarterly  
16      installment of the annual appropriation of \$2,500,000 in fiscal year 2010-2011 and  
17      \$2,500,000 in fiscal year 2011-2012 is appropriated as General Fund moneys to the  
18      Operations and Support Services budget unit within the Department of Education for the  
19      purpose of enhancing education technology in local school districts within coal-producing  
20      counties.

21      **(18) KIA Infrastructure for Economic Development Fund for Coal-Producing**  
22      **Counties - 2004-2006:** Notwithstanding KRS 42.4588, funds totaling \$6,480,900 in  
23      fiscal year 2010-2011 and \$5,778,500 in fiscal year 2011-2012 shall be transferred from  
24      the Local Government Economic Development Fund, Multi-County Fund, to the General  
25      Fund to be used by the Finance and Administration Cabinet, Debt Service budget unit, to  
26      support a portion of the previously authorized bonds for the Infrastructure for Economic  
27      Development Fund for Coal-Producing Counties authorized in 2005 Ky. Acts ch. 173.

1       **(19) Drug Courts:** Notwithstanding KRS 42.4588, \$1,800,000 in fiscal year 2010-  
 2       2011 and \$1,800,000 in fiscal year 2011-2012 shall be transferred from the Local  
 3       Government Economic Development Fund, Multi-County Fund, to the Drug Court  
 4       Program in the Office of Drug Control Policy, Justice Administration budget unit.

5       **(20) Operation Unite:** Notwithstanding KRS 42.4588, funds totaling \$2,000,000  
 6       in fiscal year 2010-2011 and \$2,000,000 in fiscal year 2011-2012 shall be transferred  
 7       from the Local Government Economic Development Fund, Multi-County Fund, to the  
 8       Office of Drug Control Policy, Justice Administration budget unit, for Operation Unite in  
 9       relation to the Federal Task Force on Drug Abuse.

10       **(21) Energy Research and Development Fund:** (a) Notwithstanding KRS  
 11       42.4588, \$3,500,000 in fiscal year 2010-2011 and \$3,500,000 in fiscal year 2011-2012  
 12       shall be transferred from the Local Government Economic Development Fund, Multi-  
 13       County Fund, to the Energy Development and Independence budget unit. These funds  
 14       shall be used, except as specified in paragraph (b) of this subsection, for research projects  
 15       relating to clean coal, new combustion technology, thin-seam coal extraction safety,  
 16       tracking and communication devices, coal slurry disposal, synthetic natural gas produced  
 17       from coal through gasification processes, and the development of alternative  
 18       transportation fuels produced by processes that convert coal or biomass resources or  
 19       extract oil from oil shale, and other coal research and shall be targeted solely to  
 20       Kentucky's Local Government Economic Development Fund-eligible counties. The  
 21       Department for Energy Development and Independence shall coordinate its efforts with  
 22       those of Kentucky's universities and related Kentucky Community and Technical College  
 23       System programs in order to maximize Kentucky's opportunities for federal funding and  
 24       receive research grants and awards from federal and other sources of funding for the  
 25       development of clean coal technology, coal-to-liquid-fuel conversion, alternate  
 26       transportation fuels, and biomass energy resources.

27       (b) Included in the Restricted Funds appropriation in paragraph (a) of this

subsection is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research.

**(22) Support of the 12 Multi-County Regional Industrial Park Authorities:**

Notwithstanding KRS 42.4588, funds totaling \$200,000 in fiscal year 2010-2011 and \$200,000 in fiscal year 2011-2012 shall be transferred from the Local Government Economic Development Fund, Multi-County Fund, to the Department for Local Government budget unit to be distributed equally to the 12 Multi-County regional industrial park authorities located in coal counties to be used for marketing and maintenance of the industrial parks and for procurement of property and casualty insurance on the parks.

**(23) Debt Service:** All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there are sufficient moneys available to be transferred from coal severance tax-supported funding program accounts to other accounts of the General Fund.

**(24) Parameters for County Flexibility:** Notwithstanding KRS 42.4588(2), Local Government Economic Development Fund allocations may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development, with the concurrence of both the respective fiscal court and the Department for Local Government or the Kentucky Infrastructure Authority, as appropriate.

**(25) Kentucky Wood Products Competitiveness Corporation:** Notwithstanding KRS 42.4586, no funds shall be transferred to the Secondary Wood Products Development Fund.

**14. AREA DEVELOPMENT FUND**

	2010-11	2011-12
General Fund	<u>567,600</u> <del>[569,600]</del>	<u>554,100</u> <del>[563,900]</del>

(1) **Appropriation Limit:** Notwithstanding KRS 48.185, funds recommended from the General Fund for the Area Development Fund shall be limited to these amounts.

(2) **Area Development District Flexibility:** Notwithstanding KRS 42.350(2) and provided that sufficient funds are maintained in the Joint Funding Agreement program to meet the match requirements for the Economic Development Administration grants, Community Development Block Grants, Appalachian Regional Commission grants, or any federal program where the Joint Funding Agreement funds are utilized to meet non-federal match requirements, an Area Development District with authorization from its Board of Directors may request approval to transfer funding between the Area Development Fund and the Joint Funding Agreement program from the Commissioner of the Department for Local Government.

#### 15. EXECUTIVE BRANCH ETHICS COMMISSION

	2010-11	2011-12
General Fund	<u>450,100</u> <del>[451,700]</del>	<u>439,500</u> <del>[447,200]</del>
Restricted Funds	61,000	61,000
TOTAL	<u>511,100</u> <del>[512,700]</del>	<u>500,500</u> <del>[508,200]</del>

#### 16. SECRETARY OF STATE

	2010-11	2011-12
General Fund	<u>1,765,200</u> <del>[1,771,400]</del>	<u>1,723,200</u> <del>[1,753,700]</del>
Restricted Funds	1,081,300	1,092,300
TOTAL	<u>2,846,500</u> <del>[2,852,700]</del>	<u>2,815,500</u> <del>[2,846,000]</del>

(1) **Use of Restricted Funds:** Notwithstanding KRS 14.140(1) and (3), the above Restricted Funds may be used for the continuation of current activities within the Office of the Secretary of State.

#### 17. BOARD OF ELECTIONS

	2010-11	2011-12
General Fund	<u>3,916,600</u> <del>[3,930,500]</del>	<u>3,823,500</u> <del>[3,891,200]</del>
Restricted Funds	175,900	160,000
Federal Funds	6,305,500	5,305,500
TOTAL	<u>10,398,000</u> <del>[10,411,900]</del>	<u>9,289,000</u> <del>[9,356,700]</del>

(1) **Help America Vote Act of 2002:** Amounts above those appropriated that are necessary to match Federal Funds from the Help America Vote Act shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Cost of Elections:** Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available appropriated resources, not to exceed \$300 per precinct per election. These rates and all assumptions as to the number of precincts, registered voters, and new voter registrations shall be communicated to the Secretary of the Finance and Administration Cabinet and the State Budget Director by November 1, 2010, for fiscal year 2010-2011 and by November 1, 2011, for fiscal year 2011-2012.

Costs associated with special elections, KRS 117.345(2) costs associated with additional precincts with a voting machine, KRS 117.343 costs for additional registered voters, and KRS 116.145 costs for additional new registered voters shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any reimbursements authorized as a necessary government expense according to the above provisions shall be at the same rates as those established by the State Board of Elections

1 as provided in the above paragraph.

2 **18. REGISTRY OF ELECTION FINANCE**

3		<b>2010-11</b>	<b>2011-12</b>
4	General Fund	<u>1,173,600</u> <del>[1,177,700]</del>	<u>1,145,700</u> <del>[1,165,900]</del>

5 **19. ATTORNEY GENERAL**

6		<b>2010-11</b>	<b>2011-12</b>
7	General Fund	<u>10,822,700</u> <del>[10,861,200]</del>	<u>10,565,500</u> <del>[10,752,500]</del>
8	Restricted Funds	9,238,800	9,254,600
9	Federal Funds	4,641,700	3,410,800
10	TOTAL	<u>24,703,200</u> <del>[24,741,700]</del>	<u>23,230,900</u> <del>[23,417,900]</del>

11 (1) **Expert Witnesses:** In addition to such funds as may be appropriated, the  
 12 Office of the Attorney General may request from the Finance and Administration Cabinet,  
 13 as a necessary government expense, such funds as may be necessary for expert witnesses.  
 14 Upon justification of the request, the Finance and Administration Cabinet shall provide  
 15 up to \$275,000 for the 2010-2012 fiscal biennium for this purpose to the Office of the  
 16 Attorney General. The Department of Insurance shall provide the Office of the Attorney  
 17 General any available information to assist in the preparation of a rate hearing pursuant to  
 18 KRS 304.17A-095.

19 (2) **Annual and Sick Leave Service Credit:** Notwithstanding any statutory or  
 20 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial  
 21 System who has been appointed to a permanent full-time position under KRS Chapter  
 22 18A shall be credited annual and sick leave based on service credited under the Kentucky  
 23 Retirement Systems solely for the purpose of computation of sick and annual leave. This  
 24 provision shall only apply to any new appointment or current employee as of July 1,  
 25 1998.

26 (3) **Legal Services Contracts:** The Office of the Attorney General may present  
 27 proposals to state agencies specifying legal work that is presently accomplished through



1 Personal Service Contracts that indicate the Office of the Attorney General's capacity to  
2 perform the work at a lesser cost. State agencies may agree to make arrangements with  
3 the Office of the Attorney General to perform the legal work and compensate the Office  
4 of the Attorney General for the legal services. Notwithstanding KRS Chapter 45A, the  
5 Office of the Attorney General may contract with outside law firms on a contingency  
6 basis.

7 **(4) Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.162,  
8 the Transportation Cabinet shall review the costs related to the distribution of child  
9 victims' license plates. Any revenue received from the sale or renewal of those plates in  
10 excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual  
11 basis.

12 **(5) Reasonable Costs of Litigation:** Notwithstanding KRS 48.005(4) and (6),  
13 the Office of the Attorney General may first recover its reasonable costs of litigation, as  
14 determined by the court and approved by the Secretary of the Finance and Administration  
15 Cabinet, and any remaining funds after consumer restitution is made shall be deposited in  
16 the General Fund Surplus Account (KRS 48.700). Any costs recovered under this  
17 subsection shall be reported to the Interim Joint Committee on Appropriations and  
18 Revenue.

19 **(6) Compensatory Leave Conversion to Sick Leave:** If the Office of the  
20 Attorney General determines that internal budgetary pressures warrant further austerity  
21 measures, the Attorney General may institute a policy to suspend payment of 50 hour  
22 blocks of compensatory time for those attorneys who have accumulated 240 hours of  
23 compensatory time and instead convert those hours to sick leave.

## 24 **20. UNIFIED PROSECUTORIAL SYSTEM**

25 **(1) Prosecutors Advisory Council Administrative Functions:** The Prosecutors  
26 Advisory Council shall approve compensation for employees of the Unified Prosecutorial  
27 System subject to the appropriations in this Act.

1       **a. Commonwealth's Attorneys**

2		2010-11	2011-12
3	General Fund	<u>35,501,900</u> [35,628,300]	<u>34,658,300</u> [35,272,000]
4	Restricted Funds	1,453,500	1,440,200
5	Federal Funds	284,400	145,100
6	TOTAL	<u>37,239,800</u> [37,366,200]	<u>36,243,600</u> [36,857,300]

7       **b. County Attorneys**

8		2010-11	2011-12
9	General Fund	<u>30,439,200</u> [30,547,600]	<u>29,715,900</u> [30,242,100]
10	Restricted Funds	303,700	303,700
11	Federal Funds	499,900	499,900
12	TOTAL	<u>31,242,800</u> [31,351,200]	<u>30,519,500</u> [31,045,700]

13   **TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

14		2010-11	2011-12
15	General Fund	<u>65,941,100</u> [66,175,900]	<u>64,374,200</u> [65,514,100]
16	Restricted Funds	1,757,200	1,743,900
17	Federal Funds	784,300	645,000
18	TOTAL	<u>68,482,600</u> [68,717,400]	<u>66,763,100</u> [67,903,000]

19   **21. TREASURY**

20		2010-11	2011-12
21	General Fund	<u>1,640,400</u> [1,646,200]	<u>1,601,400</u> [1,629,700]
22	Restricted Funds	1,035,400	1,053,300
23	Road Fund	250,000	250,000
24	TOTAL	<u>2,925,800</u> [2,931,600]	<u>2,904,700</u> [2,933,000]

25       **(1) Unclaimed Property Fund:** Included in the above Restricted Funds  
 26       appropriation is a recurring transfer from the Unclaimed Property Fund. In each  
 27       respective fiscal year of the 2010-2012 fiscal biennium, \$1,035,400 and \$1,053,300 is

1 appropriated to provide funding for services performed by the Unclaimed Property  
2 Division of the Department of the Treasury.

3 **22. AGRICULTURE**

	2010-11	2011-12
5 General Fund	<u>17,035,200</u> <del>[17,095,800]</del>	<u>16,630,400</u> <del>[16,924,800]</del>
6 Restricted Funds	9,773,200	8,101,100
7 Federal Funds	5,006,400	5,012,400
8 TOTAL	<u>31,814,800</u> <del>[31,875,400]</del>	<u>29,743,900</u> <del>[30,038,300]</del>

9 **(1) Purchase of Agricultural Conservation Easement (PACE) Program:** The  
10 Purchase of Agricultural Conservation Easement (PACE) board may contract directly  
11 with land surveyors, real estate appraisers, and other licensed professionals as necessary.  
12 The Department of Agriculture may receive funds from local and private sources to  
13 match Federal Funds for the PACE Program.

14 **(2) Metrology Lab Operating Fees:** The Department of Agriculture may  
15 promulgate administrative regulations establishing license fees, testing fees, and any other  
16 fees necessary to operate and maintain a metrology lab in the Department of Agriculture.  
17 These Restricted Funds receipts shall be utilized for personnel and operations of the  
18 metrology lab.

19 **(3) County Fair Grants:** Included in the above General Fund appropriation is  
20 \$495,000 in fiscal year 2010-2011 and \$495,000 in fiscal year 2011-2012, which shall be  
21 subject to any General Fund Reduction Order, to support capital improvement grants to  
22 the Local Agricultural Fair State Aid Program.

23 **(4) Staffing Support for the World Equestrian Games:** Included in the above  
24 General Fund appropriation are funds in fiscal year 2010-2011 for the Office of the State  
25 Veterinarian to provide staffing support for the quarantine site in northern Kentucky for  
26 the World Equestrian Games.

27 **(5) Farms to Food Banks Program:** Included in the above Restricted Funds

appropriation are funds in fiscal year 2010-2011 to support the Farms to Food Banks program to benefit both Kentucky farmers and the needy by providing fresh, locally grown produce to food pantries.

### 23. AUDITOR OF PUBLIC ACCOUNTS

	2010-11	2011-12
General Fund	<u>4,609,400</u> [4,625,800]	<u>4,499,900</u> [4,579,500]
Restricted Funds	5,129,500	4,964,500
TOTAL	<u>9,738,900</u> [9,755,300]	<u>9,464,400</u> [9,544,000]

(1) **Auditor's Scholarships:** Notwithstanding KRS 43.200, no funding is provided for Auditor's scholarships.

(2) **Audit Services Contracts:** No state agency shall enter into any contract with a nongovernmental entity for an audit unless the Auditor of Public Accounts has declined in writing to perform the audit or has failed to respond within 30 days of receipt of a written request. The agency requesting the audit shall furnish the Auditor of Public Accounts a comprehensive statement of the scope and nature of the proposed audit.

(3) **Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public Accounts determines that internal budgetary pressures warrant further austerity measures, the State Auditor may institute a policy to suspend payment of 50 hour blocks of compensatory time for those employees who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave.

(4) **Charges for Mandated Audits:** Any expenses incurred by the Auditor of Public Accounts for auditing individual government entities when mandated by the Legislative Research Commission shall be charged to the agency or entity receiving audit services.

### 24. PERSONNEL BOARD

	2010-11	2011-12
Restricted Funds	777,900	777,900

**(1) Personnel Board Operating Assessment:** Each agency of the Executive Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year the amount required for the operation of the Personnel Board. The agency assessment shall be determined by the Secretary of the Finance and Administration Cabinet based on the authorized full-time positions of each agency on July 1 of each year of the biennium. The Secretary of the Finance and Administration Cabinet shall collect the assessment.

**(2) Special Assessment:** As a result of increased workload or for other reasons in the best interest of the State Merit System, the Chairman of the Personnel Board may request a special assessment to adequately provide for the financial needs and operations of the Personnel Board. Any special assessment for Personnel Board operations shall receive the prior approval of the State Budget Director and the Secretary of the Finance and Administration Cabinet. Should a special assessment be approved, it shall be uniformly implemented with the same procedures as the regular Personnel Board Operating Assessment.

## **25. KENTUCKY RETIREMENT SYSTEMS**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	26,191,000	26,191,000

**(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement System:** From July 1, 2010, through June 30, 2012, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be eligible for the dependent subsidy as provided under the terms established by the State Group Health Insurance Program. The dependent subsidy conferred to recipients of a nonhazardous monthly retirement allowance shall not be considered as a benefit protected by the inviolable contract provisions of KRS 16.652, 61.692, and 78.852.

**(2) Dependent Subsidy for Retirees - County Employees Retirement System:** From July 1, 2010, through June 30, 2012, in addition to the benefits conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also be

1 eligible for the dependent subsidy as provided under the terms established by the State  
 2 Group Health Insurance Program. The dependent subsidy conferred to recipients of a  
 3 nonhazardous monthly retirement allowance shall not be considered as a benefit protected  
 4 by the inviolable contract provisions of KRS 16.652, 61.692, and 78.852.

5 **26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND**  
 6 **COMMISSIONS**

7 **a. Accountancy**

8		<b>2010-11</b>	<b>2011-12</b>
9	Restricted Funds	630,500	637,500

10 **b. Certification of Alcohol and Drug Counselors**

11		<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds	67,200	67,200

13 **c. Architects**

14		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
15	Restricted Funds	15,000	409,000	416,300

16 **d. Certification for Professional Art Therapists**

17		<b>2010-11</b>	<b>2011-12</b>
18	Restricted Funds	11,400	11,400

19 **e. Auctioneers**

20		<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds	403,800	405,700

22 **f. Barbering**

23		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
24	Restricted Funds	13,100	310,000	314,900

25 **g. Chiropractic Examiners**

26		<b>2010-11</b>	<b>2011-12</b>
27	Restricted Funds	274,600	279,000

1	<b>h. Dentistry</b>			
2		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
3	Restricted Funds	50,000	705,400	714,000
4	<b>i. Licensure and Certification for Dietitians and Nutritionists</b>			
5			<b>2010-11</b>	<b>2011-12</b>
6	Restricted Funds		69,600	69,600
7	<b>j. Embalmers and Funeral Directors</b>			
8		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
9	Restricted Funds	26,200	366,200	373,100
10	<b>k. Licensure for Professional Engineers and Land Surveyors</b>			
11			<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds		1,445,300	1,466,800
13	<b>l. Certification of Fee-Based Pastoral Counselors</b>			
14			<b>2010-11</b>	<b>2011-12</b>
15	Restricted Funds		3,500	3,500
16	<b>m. Registration for Professional Geologists</b>			
17			<b>2010-11</b>	<b>2011-12</b>
18	Restricted Funds		115,000	115,000
19	<b>n. Hairdressers and Cosmetologists</b>			
20			<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds		1,174,000	1,194,500
22	<b>o. Specialists in Hearing Instruments</b>			
23			<b>2010-11</b>	<b>2011-12</b>
24	Restricted Funds		52,700	52,700
25	<b>p. Interpreters for the Deaf and Hard of Hearing</b>			
26			<b>2010-11</b>	<b>2011-12</b>
27	Restricted Funds		31,000	31,000

1	<b>q. Examiners and Registration of Landscape Architects</b>			
2		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
3	Restricted Funds	5,200	67,700	68,900
4	<b>r. Licensure of Marriage and Family Therapists</b>			
5			<b>2010-11</b>	<b>2011-12</b>
6	Restricted Funds		83,200	83,200
7	<b>s. Licensure for Massage Therapy</b>			
8			<b>2010-11</b>	<b>2011-12</b>
9	Restricted Funds		120,700	120,700
10	<b>t. Medical Licensure</b>			
11			<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds		2,658,600	2,684,300
13	<b>u. Nursing</b>			
14			<b>2010-11</b>	<b>2011-12</b>
15	Restricted Funds		5,517,700	5,615,500
16	<b>v. Licensure for Nursing Home Administrators</b>			
17			<b>2010-11</b>	<b>2011-12</b>
18	Restricted Funds		47,000	47,000
19	<b>w. Licensure for Occupational Therapy</b>			
20			<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds		107,600	107,600
22	<b>x. Ophthalmic Dispensers</b>			
23			<b>2010-11</b>	<b>2011-12</b>
24	Restricted Funds		57,400	57,400
25	<b>y. Optometric Examiners</b>			
26		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
27	Restricted Funds	5,700	179,300	181,800



1	<b>z. Pharmacy</b>		
2		<b>2010-11</b>	<b>2011-12</b>
3	Restricted Funds	1,367,800	1,392,200
4	<b>aa. Physical Therapy</b>		
5		<b>2010-11</b>	<b>2011-12</b>
6	Restricted Funds	398,900	407,900
7	<b>ab. Podiatry</b>		
8		<b>2010-11</b>	<b>2011-12</b>
9	Restricted Funds	24,700	24,700
10	<b>ac. Private Investigators</b>		
11		<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds	80,000	80,000
13	<b>ad. Licensed Professional Counselors</b>		
14		<b>2010-11</b>	<b>2011-12</b>
15	Restricted Funds	126,800	126,800
16	<b>ae. Proprietary Education</b>		
17		<b>2010-11</b>	<b>2011-12</b>
18	Restricted Funds	206,800	206,800
19	<b>af. Examiners of Psychology</b>		
20		<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds	191,100	191,100
22	<b>ag. Real Estate Appraisers</b>		
23		<b>2010-11</b>	<b>2011-12</b>
24	Restricted Funds	684,900	694,300
25	<b>ah. Real Estate Commission</b>		
26		<b>2010-11</b>	<b>2011-12</b>
27	Restricted Funds	2,174,300	2,200,000

1       **ai.   Respiratory Care**

2		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
3	Restricted Funds	2,500	190,900	193,800

4       **aj.   Social Work**

5		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
6	Restricted Funds	22,900	226,300	230,100

7       **ak.   Speech-Language Pathology and Audiology**

8			<b>2010-11</b>	<b>2011-12</b>
9	Restricted Funds		157,200	157,200

10      **al.   Veterinary Examiners**

11			<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds		237,800	237,800

13      **TOTAL   -   OCCUPATIONAL   AND   PROFESSIONAL   BOARDS   AND**  
14      **COMMISSIONS**

15		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
16	Restricted Funds	140,600	20,975,900	21,261,300

17      **27.   KENTUCKY RIVER AUTHORITY**

18		<b>2010-11</b>	<b>2011-12</b>
19	General Fund	<u>256,800</u> <del>[257,700]</del>	<u>250,700</u> <del>[255,100]</del>
20	Restricted Funds	4,548,800	3,814,500
21	TOTAL	<u>4,805,600</u> <del>[4,806,500]</del>	<u>4,065,200</u> <del>[4,069,600]</del>

22       **(1)   Water Withdrawal Fees:** The water withdrawal fees imposed by the  
23   Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding  
24   KRS 151.710(10), Tier I water withdrawal fees shall be used to support the operations of  
25   the Authority and for contractual services for water supply and quality studies.

26      **28.   SCHOOL FACILITIES CONSTRUCTION COMMISSION**

27		<b>2010-11</b>	<b>2011-12</b>
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1           General Fund                               93,633,100~~[101,433,100]~~   101,013,300~~[102,802,000]~~

2           **(1) Debt Service:** Included in the above General Fund appropriation is  
3   \$4,050,000 in fiscal year 2010-2011 and \$12,656,200 in fiscal year 2011-2012 for new  
4   debt service to support bonds as set forth in Part II, Capital Projects Budget, of this Act.

5           **(2) Urgent Need School Trust Fund:** (a) The Urgent Need School Trust Fund is  
6   established in the Finance and Administration Cabinet for the purpose of assisting school  
7   districts that have urgent and critical construction needs. The Urgent Need School Trust  
8   Fund shall be administered by the School Facilities Construction Commission. The fund  
9   may receive state appropriations, contributions, and grants from any source which shall  
10   be credited to the trust fund and invested until needed. All interest earned on the fund  
11   shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund  
12   shall not lapse but shall carry forward at the end of each fiscal year.

13          (b) A local school district that has escrowed urgent need funds may use these  
14   funds to purchase property and to perform site work on purchased property.

15          (c) Notwithstanding KRS 157.611 to 157.640, 157.650, 157.655, 157.660, or  
16   157.665, the School Facilities Construction Commission is authorized to make additional  
17   offers of assistance of up to \$65,494,000 to address the requirements of Part I, C., 4., (18)  
18   of this Act.

19          (d) Included in the above appropriation are sufficient funds to meet the  
20   requirements of Part II, A., 12., 004. of this Act.

21          **(3) Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.640,  
22   157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is  
23   authorized to make an additional \$100,000,000 in offers of assistance during the 2010-  
24   2012 biennium in anticipation of debt service availability during the 2012-2014  
25   biennium. No bonded indebtedness based on the above amount is to be incurred during  
26   the 2010-2012 biennium.

27   **29. TEACHERS' RETIREMENT SYSTEM**

1		<b>2010-11</b>	<b>2011-12</b>
2	General Fund	219,491,900	238,637,000
3	Restricted Funds	11,428,700	12,030,300
4	TOTAL	230,920,600	250,667,300

5       **(1) State Retirement Obligations:** Notwithstanding KRS 161.550, General Fund  
6       moneys are appropriated to comply with the obligations of the state under the Teachers'  
7       Retirement System statutes as provided in KRS 161.220 to 161.716.

8       **(2) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year  
9       an amount not greater than four percent of the receipts of the state accumulation fund  
10      shall be set aside into the expense fund or expended for the administration of the  
11      retirement system.

12      **(3) Amortization of Sick Leave:** Included in the above General Fund  
13      appropriation is \$6,516,600 in fiscal year 2010-2011 and \$13,674,800 in fiscal year 2011-  
14      2012 to provide the cost of amortizing the requirements of KRS 161.155, relating to sick  
15      leave, for members retiring during the 2010-2012 fiscal biennium.

16      **(4) State Medical Insurance Fund Financing:** Notwithstanding KRS 161.420  
17      and 161.550, a portion of the state employer contribution in a sufficient amount shall be  
18      allocated to the Teachers' Retirement System Medical Insurance Fund instead of the State  
19      Accumulation Fund. Also, included in the above General Fund appropriation is  
20      \$74,693,700 in debt service in fiscal year 2010-2011 and \$95,281,200 in fiscal year 2011-  
21      2012 for bonds issued to fulfill existing state obligations to the State Accumulation Fund  
22      due to borrowings from the fund on behalf of the Medical Insurance Fund. The debt  
23      service will also support bonds issued in support of the Medical Insurance Fund for  
24      projected needs during the 2010-2012 fiscal biennium, the increased costs to state  
25      agencies, and medical coverage for new under-65 retirees net of the Medicare equivalent  
26      contribution made by the under-65 retiree.

27      **(5) Dependent Subsidy for Retirees under age 65:** Notwithstanding KRS

1 161.675(4)(a) and (b), from July 1, 2010, through June 30, 2012, for all retirees under the  
 2 age of 65 who participate in the Kentucky Group Health Insurance Program through the  
 3 Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System shall  
 4 pay the same dependent subsidy that Executive Branch agencies pay for their active  
 5 employees who have similar coverage. The dependent subsidy is not subject to KRS  
 6 161.714.

7 **(6) Highly Skilled Educators' Retirement Benefits:** Salary supplements  
 8 received by persons selected as highly skilled educators on or after July 1, 2000, shall not  
 9 be included in the total salary compensation for any retirement benefits to which the  
 10 employee may be entitled.

11 **(7) Supplemental Health Insurance Funding:** Notwithstanding KRS  
 12 161.675(4)(a) and (b), included in the above General Fund appropriation is \$50,000 in  
 13 each fiscal year to enable the retirement system to provide a subsidy from July 1, 2010,  
 14 through June 30, 2012, for those retired state members over age 65 that insure their  
 15 spouses under age 65 through the state health insurance plan. The amount of the subsidy  
 16 for those over age 65 shall not exceed the amount of the subsidy for members under age  
 17 65 that choose couple, family, or parent plus coverage. The spousal subsidy is not subject  
 18 to KRS 161.714.

### 19 **30. JUDGMENTS**

	<b>2010-11</b>	<b>2011-12</b>
21 General Fund	-0-	-0-

22 **(1) Payment of Judgments and Carry Forward of General Fund**  
 23 **Appropriation Balance:** The above appropriation is for the payment of judgments as  
 24 may be rendered against the Commonwealth by courts and orders of the State Personnel  
 25 Board and, where applicable, shall be subject to the provisions of KRS Chapter 45, and  
 26 for the payment of medical malpractice judgments against the University of Kentucky and  
 27 the University of Louisville in accordance with KRS 164.892 and 164.941, and for the

1 payment of judgments, audit adjustments, and excess billings to federal programs related  
 2 to transfers from statewide internal service funds to the General Fund authorized in prior  
 3 Appropriations Acts. Funds required to pay the costs of items included within the  
 4 Judgments budget unit are appropriated, and any required expenditure over the above  
 5 amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if  
 6 available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the  
 7 conditions and procedures provided in this Act.

8 **31. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

9		<b>2010-11</b>	<b>2011-12</b>
10	General Fund	<u>5,755,600</u> <del>[5,776,100]</del>	<u>5,675,600</u> <del>[5,776,100]</del>

11 **(1) Funding Sources for Appropriations Not Otherwise Classified:** Funds  
 12 required to pay the costs of items included within the Appropriations Not Otherwise  
 13 Classified are appropriated. Any required expenditure over the above amounts is to be  
 14 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any  
 15 available balance in either the Judgments budget unit appropriation or the Budget Reserve  
 16 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in  
 17 this Act.

18 The above appropriation is for the payment of Attorney General Expense, Board of  
 19 Claims Award, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded,  
 20 Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes, Frankfort Cemetery,  
 21 Police Officer, Firefighter, and National Guard and Reserve Survivor Benefits, Medical  
 22 Malpractice Liability Insurance Reimbursement, and Blanket Employee Bonds.

23 **(2) Repayment of Awards or Judgments:** Funds are appropriated from the  
 24 General Fund for the repayment of awards or judgments made by the Board of Claims  
 25 against departments, boards, commissions, and other agencies maintained by  
 26 appropriations out of the General Fund. However, awards under \$5,000 shall be paid  
 27 from funds available for the operations of the agency.

1       **(3) Guardian Ad Litem Fees:** Included in the above appropriation is funding for  
 2 fees to be paid to each guardian ad litem appointed by the court pursuant to KRS 311.732.  
 3 The fee shall be fixed by the court and shall not exceed \$500.

4       **(4) Reissuance of Uncashed Checks:** Checks written by the State Treasurer and  
 5 not cashed within the statutory period may be presented to the State Treasurer for  
 6 reissuance in accordance with KRS 41.370.

7       **(5) Police Officer, Firefighter, and Active Duty National Guard and Reserve**  
 8 **Survivor Benefits:** Funds are appropriated for payment of benefits for state and local  
 9 police officers, firefighters, and active duty National Guard and reserve members in  
 10 accordance with KRS 61.315 and 95A.070.

11 **TOTAL - GENERAL GOVERNMENT**

	2009-10	2010-11	2011-12
12 General Fund (Tobacco) -0-		30,529,000	17,691,600
13 General Fund -0-	<u>569,519,600</u>	<del>577,898,000</del>	<u>606,952,100</u>
14 Restricted Funds 140,600		179,912,200	194,728,900
15 Federal Funds -0-		292,027,800	194,581,600
16 Road Fund -0-		500,000	500,000
17 TOTAL 140,600	<u>1,072,488,600</u>	<del>1,080,867,000</del>	<u>1,014,454,200</u>

18 **B. ECONOMIC DEVELOPMENT CABINET**

19 **Budget Units**

20 **1. SECRETARY**

	2010-11	2011-12
21 General Fund	<u>13,470,700</u>	<u>13,704,800</u>
22 Restricted Funds	186,800	200,000
23 TOTAL	<u>13,657,500</u>	<u>13,904,800</u>

24 **(1) Funding for Commercialization and Innovation:** Notwithstanding KRS  
 25 154.12-278, interest income earned on the balances in the High-Tech  
 26

1 Construction/Investment Pool and loan repayments received by the High-Tech  
 2 Construction/Investment Pool shall be used to support the Department for  
 3 Commercialization and Innovation and are appropriated in addition to amounts  
 4 appropriated above.

5 **(2) Debt Service:** Included in the above General Fund appropriation is \$564,000  
 6 in fiscal year 2011-2012 for debt service to support new bonds as set forth in Part II,  
 7 Capital Projects Budget, of this Act.

8 **(4) Angel Investor Program:** The Cabinet for Economic Development is  
 9 directed to study the potential benefits of developing an Angel Investor Program,  
 10 including an evaluation of the current Kentucky Investment Fund Act, the benefits of tax  
 11 credits to encourage Angel investing, and the methods used by other states and the  
 12 effectiveness of those methods. The Cabinet shall report to the Interim Joint Committee  
 13 on Appropriations and Revenue by December 1, 2010.

14 **(5) Airport Expansion Incentives:** The Cabinet for Economic Development is  
 15 directed to study the potential benefits of developing an incentive program for the  
 16 purpose of attracting commercial airlines to existing Kentucky airports that have available  
 17 and unused terminal space, gates, hangar facilities, or other unused capacity, and unmet  
 18 flight demand. The Cabinet shall report to the Interim Joint Committee on  
 19 Appropriations and Revenue and the Interim Joint Committee on Transportation by  
 20 December 1, 2010.

21 **(6) Louisville Waterfront Development Corporation:** Included in the above  
 22 General Fund appropriation is \$420,800 in fiscal year 2010-2011 and \$420,800 in fiscal  
 23 year 2011-2012 for the Louisville Waterfront Development Corporation.

## 24 **2. BUSINESS DEVELOPMENT**

	2010-11	2011-12
25 General Fund	<u>4,713,100</u> [4,729,800]	<u>4,601,100</u> [4,682,500]
26 Restricted Funds	300,000	300,000



1	Federal Funds	155,400	155,400
2	TOTAL	<u>5,168,500</u> [5,185,200]	<u>5,056,500</u> [5,137,900]

3 **3. FINANCIAL INCENTIVES**

4		<b>2010-11</b>	<b>2011-12</b>
5	General Fund	<u>5,302,900</u> [5,321,700]	<u>10,796,500</u> [10,987,600]
6	Restricted Funds	1,579,500	1,612,700
7	TOTAL	<u>6,882,400</u> [6,901,200]	<u>12,409,200</u> [12,600,300]

8 **(1) Debt Service:** Included in the above General Fund appropriation is  
 9 \$2,161,500 in fiscal year 2010-2011 and \$7,859,000 in fiscal year 2011-2012 for debt  
 10 service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

11 **(2) Carry Forward of General Fund Appropriation Balance for Bluegrass**  
 12 **State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation  
 13 balance for training grants for fiscal year 2010-2011 and for fiscal year 2011-2012 for the  
 14 Bluegrass State Skills Corporation shall not lapse and shall carry forward.

15 **TOTAL - ECONOMIC DEVELOPMENT CABINET**

16		<b>2010-11</b>	<b>2011-12</b>
17	General Fund	<u>23,486,700</u> [23,570,100]	<u>29,102,400</u> [29,617,500]
18	Restricted Funds	2,066,300	2,112,700
19	Federal Funds	155,400	155,400
20	TOTAL	<u>25,708,400</u> [25,791,800]	<u>31,370,500</u> [31,885,600]

21 **C. DEPARTMENT OF EDUCATION**

22 **Budget Units**

23 **1. EXECUTIVE POLICY AND MANAGEMENT**

24		<b>2010-11</b>	<b>2011-12</b>
25	General Fund	<u>3,091,600</u> [3,102,600]	<u>586,200</u> [596,500]

26 **(1) Employment of Personnel:** Notwithstanding KRS 18A.115, the Department  
 27 of Education may fill, through memoranda of agreement, not more than 50 percent of its

existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky.

**(2) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market.

**(3) Review of the Classification of Primary and Secondary School Buildings:** Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2010-2011 to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the \$2,500,000 that has not been expended by the end of fiscal year 2010-2011 shall not lapse and shall carry forward into fiscal year 2011-2012.

## 2. OPERATIONS AND SUPPORT SERVICES

	2010-11	2011-12
General Fund	<u>41,597,300</u> <del>[41,745,400]</del>	<u>40,489,500</u> <del>[41,206,400]</del>
Restricted Funds	2,243,600	2,269,300
Federal Funds	16,027,800	10,527,800
TOTAL	<u>59,868,700</u> <del>[60,016,800]</del>	<u>53,286,600</u> <del>[54,003,500]</del>

**(1) School Technology in Coal Counties:** Notwithstanding KRS 42.4588(2) and (4), included in the above General Fund appropriation is \$2,500,000 in each fiscal year from the Local Government Economic Development Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of Education shall use the appropriation in this subsection to continue the Coal County Computing program in conjunction with the Cabinet for Economic Development through its Department of Commercialization and Innovation.

**(2) Education Technology Program:** Included in the above General Fund appropriation is \$17,361,800 in fiscal year 2010-2011 and \$17,188,100 in fiscal year 2011-2012 for the Education Technology Program.

1    **3.    LEARNING AND RESULTS SERVICES**

2		<b>2010-11</b>	<b>2011-12</b>
3	General Fund (Tobacco)	2,150,000	2,050,000
4	General Fund	<u>886,376,400</u> <del>[887,490,300]</del>	<u>882,147,500</u> <del>[886,882,200]</del>
5	Restricted Funds	3,357,800	3,363,100
6	Federal Funds	1,016,067,300	837,825,600
7	TOTAL	<u>1,907,951,500</u> <del>[1,909,065,400]</del>	<u>1,725,386,200</u> <del>[1,730,120,900]</del>

8        **(1)    Funding for Employer Health and Life Insurance:** If the costs for health  
9 insurance or life insurance coverage for employees of local school districts exceed the  
10 levels of appropriated funds, any unexpended Support Education Excellence in Kentucky  
11 appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject  
12 to approval of the Governor upon the written recommendation of the State Budget  
13 Director pursuant to the written request of the Commissioner of Education. The per-  
14 month per-employee administrative assessment shall be remitted to the Personnel Cabinet  
15 by the Department of Education from the General Fund appropriation for local school  
16 district health and life insurance.

17        **(2)    Kentucky Education Technology System:** The School for the Deaf and the  
18 School for the Blind shall be fully eligible, along with local school districts, to participate  
19 in the Kentucky Education Technology System in a manner that takes into account the  
20 special needs of the students of these two schools.

21        **(3)    Family Resource and Youth Services Centers:** Funds appropriated to  
22 establish and support Family Resource and Youth Services Centers shall be transferred in  
23 fiscal year 2010-2011 and in fiscal year 2011-2012 to the Cabinet for Health and Family  
24 Services consistent with KRS 156.497. The Cabinet for Health and Family Services is  
25 authorized to use, for administrative purposes, no more than three percent of the total  
26 funds transferred from the Department of Education for the Family Resource and Youth  
27 Services Centers. If a certified person is employed as a director or coordinator of a Family

1 Resource and Youth Services Center, that person shall retain his or her status as a  
2 certified employee of the school district.

3 If 70 percent or more of the funding level provided by the state is utilized to support  
4 the salary of the director of a center, that center shall provide a report to the Cabinet for  
5 Health and Family Services identifying the salary of the director. The Cabinet for Health  
6 and Family Services shall transmit any reports received from Family Resource and Youth  
7 Services Centers pursuant to this paragraph to the Legislative Research Commission.

8 **(4) Health Insurance:** Included in the above General Fund appropriation is  
9 \$609,013,700 in fiscal year 2010-2011 and \$614,768,000 in fiscal year 2011-2012 for  
10 employer contributions for health insurance and the contribution to the health  
11 reimbursement account for employees waiving coverage.

12 **(5) Program Flexibility:** Notwithstanding KRS 157.226(2) and (3), 157.3175(3)  
13 and (4), and 160.345(8) with regard to the state allocation, four programs (Professional  
14 Development, Extended School Services, Textbooks, and Safe Schools) shall continue to  
15 permit the state and local school districts additional flexibility in the distribution of  
16 program funds while still addressing the governing statutes and serving the need and the  
17 intended student population. Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and  
18 (4), and 160.345(8) with regard to the state allocation, local school districts may use  
19 funds from the Professional Development, Extended School Services, Textbooks, and  
20 Safe Schools programs to supplement the Preschool program in fiscal year 2010-2011  
21 and in fiscal year 2011-2012.

22 **(6) Publishing Requirements:** Notwithstanding KRS 160.463 and 424.220,  
23 public availability of the school district's complete annual financial statement and the  
24 school report card shall be made by publishing the documents in the newspaper of the  
25 largest general circulation in the county, electronically on the Internet, or by printed copy  
26 at a prearranged site at the main branch of the public library within the school district. If  
27 publication on the Internet or by printed copy at the public library is chosen, the

1 superintendent shall be directed to publish notification in the newspaper of the largest  
2 circulation in the county as to the location where the document can be viewed by the  
3 public. The notification shall include the address of the library or the electronic address of  
4 the Web site on the Internet where the documents can be viewed.

5 **(7) Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the  
6 supplemental funding distribution shall include Category II and III programs in districts  
7 established after June 21, 2001, with state assistance, if approved by the Commissioner of  
8 Education.

9 **(8) Coordination With Head Start:** Each local district shall work with Head  
10 Start and other existing preschool programs to avoid duplication of services and  
11 programs, to avoid supplanting federal funds, and to maximize Head Start funds in order  
12 to serve as many four year old children as possible, and shall maintain certification from  
13 the Head Start director that the Head Start Program is fully utilized. If a local district fails  
14 to comply with the requirements of this subsection, the Commissioner of Education shall  
15 withhold preschool funding for an amount equal to the number of Head Start eligible  
16 children served in the district who would have been eligible to be served by Head Start  
17 under the full utilization certification required under this subsection. The Commissioner  
18 of Education shall resolve any disputes and make a determination of the district's  
19 compliance with the full utilization requirement.

20 **(9) Highly Skilled Educators:** Notwithstanding KRS 158.6455(3), 158.782, and  
21 160.350(3), the Kentucky Department of Education shall have the authority to expend  
22 moneys appropriated for the Highly Skilled Education Assistance Program in fiscal year  
23 2010-2011 on intervention services that may be required by the Federal No Child Left  
24 Behind Act of 2001 (Public Law 107-110). No funds are provided for the Highly Skilled  
25 Education Assistance Program in fiscal year 2011-2012.

26 **(10) Commonwealth School Improvement Fund:** Notwithstanding KRS  
27 158.805, the Commissioner of Education shall be authorized to use the Commonwealth

1 School Improvement Fund to provide support services to schools needing assistance  
2 under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

3 **(11) Advisory Council for Gifted and Talented Education:** Notwithstanding  
4 KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented  
5 Education may be reappointed but shall not serve more than three consecutive terms.  
6 Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted  
7 Education shall be a voting member of the State Advisory Council for Gifted and  
8 Talented Education.

9 **(12) Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center  
10 for School Safety shall develop and implement allotment policies for all moneys received  
11 for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

12 **(13) Allocations to School-Based Decision Making Councils:** Notwithstanding  
13 KRS 160.345(8), for fiscal years 2010-2011 and 2011-2012, a local board of education  
14 may reduce the allocations to individual schools within the district as outlined in 702  
15 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be  
16 less than \$100 per pupil in average daily attendance.

17 **(14) Kentucky School for the Blind and Kentucky School for the Deaf:**  
18 Included in the above General Fund appropriation is \$6,826,500 in each year of the fiscal  
19 biennium for the Kentucky School for the Blind, and \$10,041,500 in each year of the  
20 fiscal biennium for the Kentucky School for the Deaf.

21 **(15) Learning and Results Services Programs:** Notwithstanding KRS 156.265,  
22 included in the above General Fund appropriation are the following allocations for the  
23 2010-2012 fiscal biennium:

24 (a) \$1,351,600 in fiscal year 2010-2011 and \$1,338,100 in fiscal year 2011-2012  
25 for the ACT and WorkKeys testing;

26 (b) \$96,500 in fiscal year 2010-2011 and \$95,500 in fiscal year 2011-2012 for the  
27 Appalachian Learning Disabled Tutoring;

(c) \$595,200 in fiscal year 2010-2011 and \$589,200 in fiscal year 2011-2012 for the Blind/Deaf Residential Travel Program;

(d) \$1,351,600 in fiscal year 2010-2011 and \$1,338,100 in fiscal year 2011-2012 for the Collaborative Center for Literacy Development;

(e) \$8,036,600 in fiscal year 2010-2011 and \$7,956,200 in fiscal year 2011-2012 for the Commonwealth Accountability Testing System-Report Card;

(f) \$1,455,800 in fiscal year 2010-2011 and \$1,441,200 in fiscal year 2011-2012 for the Commonwealth School Improvement Fund;

(g) \$2,027,400 in fiscal year 2010-2011 and \$2,007,100 in fiscal year 2011-2012 for the Community Education Program;

(h) \$696,000 in fiscal year 2010-2011 and \$689,000 in fiscal year 2011-2012 for the Dropout Prevention Program;

(i) \$467,600 in fiscal year 2010-2011 and \$463,000 in fiscal year 2011-2012 for the Elementary Arts and Humanities Program;

(j) \$482,700 in fiscal year 2010-2011 and \$477,900 in fiscal year 2011-2012 for the Every1 Reads Program;

(k) \$12,771,700 in fiscal year 2010-2011 and \$12,643,900 in fiscal year 2011-2012 for the Extended School Services Program;

(l) \$54,599,200 in fiscal year 2010-2011 and \$54,053,200 in fiscal year 2011-2012 for the Family Resource and Youth Services Centers Program;

(m) \$246,200 in fiscal year 2010-2011 and \$243,700 in fiscal year 2011-2012 for the Georgia Chaffee Teenage Parent Program;

(n) \$6,875,400 in fiscal year 2010-2011 and \$6,806,700 in fiscal year 2011-2012 for the Gifted and Talented Program;

(o) \$5,189,600 in fiscal year 2010-2011 for the Highly Skilled Educator Program;

(p) \$368,200 in fiscal year 2010-2011 and \$364,600 in fiscal year 2011-2012 for the Leadership and Mentor Fund;

1 (q) \$2,343,000 in fiscal year 2010-2011 and \$2,319,500 in fiscal year 2011-2012  
2 for the Local School District Life Insurance;

3 (r) \$11,876,700 in fiscal year 2010-2011 and \$11,757,900 in fiscal year 2011-  
4 2012 for the Locally Operated Vocational Schools;

5 (s) \$5,696,100 in fiscal year 2010-2011 and \$5,639,100 in fiscal year 2011-2012  
6 for the Mathematics Achievement Fund;

7 (t) \$374,100 in fiscal year 2010-2011 and \$370,300 in fiscal year 2011-2012 for  
8 the Middle School Academic Center;

9 (u) \$332,100 in fiscal year 2010-2011 and \$328,800 in fiscal year 2011-2012 for  
10 the Partnership for Student Success Program;

11 (v) \$72,531,600 in fiscal year 2010-2011 and \$71,806,300 in fiscal year 2011-  
12 2012 for the Preschool Program;

13 (w) \$6,027,000 in fiscal year 2010-2011 and \$5,966,700 in fiscal year 2011-2012  
14 for the Professional Development Program (Staff Development);

15 (x) \$960,300 in fiscal year 2010-2011 and \$950,700 in fiscal year 2011-2012 for  
16 the Professional Growth Fund;

17 (y) \$18,882,400 in fiscal year 2010-2011 and \$18,693,600 in fiscal year 2011-  
18 2012 for the Read to Achieve Program;

19 (z) \$4,546,600 in fiscal year 2010-2011 and \$4,501,100 in fiscal year 2011-2012  
20 for the Safe Schools Program;

21 (aa) \$482,700 in fiscal year 2010-2011 and \$477,900 in fiscal year 2011-2012 for  
22 the Save the Children/Rural Literacy Program;

23 (ab) \$4,212,500 in fiscal year 2010-2011 and \$4,170,400 in fiscal year 2011-2012  
24 for the School Food Services;

25 (ac) \$10,583,400 in fiscal year 2010-2011 and \$10,477,500 in fiscal year 2011-  
26 2012 for the State Agency Children Program;

27 (ad) \$1,544,700 in fiscal year 2010-2011 and \$1,529,300 in fiscal year 2011-2012



1 for the Teacher Academies Program;

2 (ae) \$1,821,500 in fiscal year 2010-2011 and \$1,803,300 in fiscal year 2011-2012

3 for the Teacher Recruitment and Retention Program-Educator Quality & Diversity;

4 (af) \$646,900 in fiscal year 2010-2011 and \$640,400 in fiscal year 2011-2012 for  
5 the Textbooks Program;

6 (ag) \$772,300 in fiscal year 2010-2011 and \$764,600 in fiscal year 2011-2012 for  
7 the Virtual Learning Program; and

8 (ah) \$589,200 in fiscal year 2010-2011 and \$583,300 in fiscal year 2011-2012 for  
9 the Writing Program.

10 **(16) Local District Grant Carry Forward:** Notwithstanding 2008 Ky. Acts ch.  
11 127, Part I, D., 3., (17), KRS 158.792(2), and 158.844(5), any non-SEEK state grant  
12 funds appropriated to the Department of Education to be disbursed to local school  
13 districts that are unexpended during fiscal year 2009-2010 shall lapse to the General  
14 Fund.

15 **(17) School Calendars:** Prior to the approval of school calendars for fiscal year  
16 2010-2011, the Kentucky Board of Education shall by administrative regulation establish  
17 procedures by which the Commissioner of Education may approve innovative alternative  
18 school calendars. No later than October 31, 2010, the Department of Education shall  
19 report to the Interim Joint Committee on Education the results for the state assessment  
20 system, the norm referenced test, and the EXPLORE, PLAN, and ACT tests for each  
21 school district with a school calendar of less than 177 school days.

22 **(18) Surplus Property:** Notwithstanding KRS 45A.045, 45.777, and 56.463, any  
23 funds received by the Commonwealth from the disposal of any surplus property at the  
24 Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited  
25 in a restricted account and shall not be expended without appropriation authority granted  
26 by the General Assembly.

27 **(19) Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and

(6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds, regardless of the source, for general operating expenses in fiscal year 2010-2011 and fiscal year 2011-2012 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission program. Prior to August 1, 2010, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of education.

**(20) Dual Course Credit:** Notwithstanding any statute to the contrary, the Commissioner of Education may approve a plan that is established by a local school board and a Southern Association of Colleges and Schools accredited postsecondary education institution for purposes of granting high school and college credit and which allows students to fulfill high school graduation requirements and compulsory school attendance; providing rigorous academic curriculum within a supportive and nurturing environment for underserved students; and encouraging academic success by linking students, teachers, and community partners in innovative ways.

**(21) Lexington Hearing and Speech Center:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for the Lexington Hearing and Speech Center to provide speech and hearing services for Kentucky children.

#### 4. **SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)** **PROGRAM**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	2,725,530,500	2,900,145,100
Federal Funds	182,486,200	-0-
<b>TOTAL</b>	<b>2,908,016,700</b>	<b>2,900,145,100</b>

**(1) Common School Fund Earnings:** Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program.

**(2) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the

1 above General Fund appropriation is \$1,852,856,400 in fiscal year 2010-2011 and  
2 \$2,034,512,800 in fiscal year 2011-2012 for the base SEEK Program as defined by KRS  
3 157.360. Included in the above Federal Funds appropriation is \$182,486,200 in Federal  
4 State Fiscal Stabilization Fund moneys in fiscal year 2010-2011 for the base SEEK  
5 Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be  
6 allotted to school districts in accordance with KRS 157.310 to 157.440, except that the  
7 total of the funds allotted shall not exceed the appropriations for this purpose except as  
8 provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation  
9 for the base SEEK Program is \$214,752,800 in each fiscal year for pupil transportation.

10 **(3) Tier I Component:** Included in the above General Fund appropriation is  
11 \$173,576,400 in fiscal year 2010-2011 and \$168,251,400 in fiscal year 2011-2012 for the  
12 Tier I component as established by KRS 157.440.

13 **(4) Vocational Transportation:** Included in the above General Fund  
14 appropriation is \$2,416,900 in each fiscal year for vocational transportation.

15 **(5) Secondary Vocational Education:** Included in the above General Fund  
16 appropriation is \$23,289,000 in each fiscal year to provide secondary vocational  
17 education in state-operated vocational schools.

18 **(6) Teachers' Retirement System Employer Match:** Included in the above  
19 General Fund appropriation is \$349,899,700 in fiscal year 2010-2011 and \$347,017,500  
20 in fiscal year 2011-2012 to enable local school districts to provide the employer match for  
21 qualified employees as provided for by KRS 161.550.

22 **(7) Salary Supplements for Nationally Certified Teachers:** Notwithstanding  
23 KRS 157.395, included in the above General Fund appropriation is \$2,750,000 in each  
24 fiscal year for the purpose of providing salary supplements for public school teachers who  
25 have attained certification from the National Board for Professional Teaching Standards  
26 as of July 14, 2000, or thereafter. Notwithstanding KRS 157.395, if the appropriation is  
27 insufficient to provide the mandated salary supplement for public school teachers who

1 have attained certification, the Kentucky Department of Education is authorized to pro  
2 rata reduce the supplement.

3       **(8) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above  
4 General Fund and Federal Funds appropriations to the base SEEK Program are intended  
5 to provide a base guarantee of \$3,868 per student in average daily attendance in fiscal  
6 year 2010-2011 and \$3,903 per student in average daily attendance in fiscal year 2011-  
7 2012 as well as to meet the other requirements of KRS 157.360.

8       Funds appropriated to the SEEK Program shall be allotted to school districts in  
9 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall  
10 not exceed the appropriations for this purpose, except as provided in this Act. The total  
11 appropriation for the SEEK Program shall be measured by, or construed as, estimates of  
12 the state expenditures required by KRS 157.310 to 157.440. If the required expenditures  
13 exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon  
14 the written request of the Commissioner of Education and with the approval of the  
15 Governor, may increase the appropriation by such amount as may be available and  
16 necessary to meet, to the extent possible, the required expenditures under the cited  
17 sections of the Kentucky Revised Statutes, but any increase of the total appropriation to  
18 the SEEK Program is subject to Part III, General Provisions, of this Act and the  
19 provisions of KRS Chapter 48.

20       **(9) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before  
21 March 1 of each year, the Commissioner of Education shall determine the exact amount  
22 of the public common school fund to which each district is entitled, and the remainder of  
23 the amount due each district for the year shall be distributed in equal installments  
24 beginning the first month after completion of final calculation and for each successive  
25 month thereafter.

26       **(10) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its  
27 adjustment factors that are not needed for the base or a particular adjustment factor may

1 be allocated to other adjustment factors, if funds for that adjustment factor are not  
2 sufficient.

3 **(11) Facilities Support Program of Kentucky/Equalized Nickel Levies:**

4 Included in the above General Fund appropriation is \$76,922,100 in fiscal year 2010-  
5 2011 and \$73,515,300 in fiscal year 2011-2012 to provide facilities equalization funding  
6 pursuant to KRS 157.440 and 157.620.

7 **(12) Growth Levy Equalization Funding:** Included in the above General Fund  
8 appropriation is \$14,442,700 in fiscal year 2010-2011 and \$13,291,300 in fiscal year  
9 2011-2012 to provide facilities equalization funding pursuant to KRS 157.440 and  
10 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

11 **(13) Retroactive Equalized Facility Funding:** Included in the above General  
12 Fund appropriation is \$8,176,300 in fiscal year 2010-2011 and \$8,203,400 in fiscal year  
13 2011-2012 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to  
14 districts meeting the eligibility requirements of KRS 157.621(2) and (4) notwithstanding  
15 the April 24, 2008, deadline. This appropriation applies to school districts that levied the  
16 tax rate subject to recall prior to January 1, 2010. For the 2010-2012 fiscal biennium,  
17 equalization shall be provided to a local school district that levies a tax pursuant to KRS  
18 157.621(1)(c) in fiscal year 2010-2011 at 25 percent of the calculated equalization  
19 funding in fiscal year 2011-2012. It is the intent of the 2010 General Assembly that any  
20 school district receiving partial equalization under this subsection in the 2010-2012 fiscal  
21 biennium shall receive full calculated equalization in the 2012-2014 fiscal biennium and  
22 thereafter.

23 **(14) Equalized Facility Funding:** Included in the above General Fund  
24 appropriation is \$6,448,200 in fiscal year 2010-2011 and \$6,166,400 in fiscal year 2011-  
25 2012 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to  
26 districts meeting the eligibility requirements of KRS 157.621(3) and (4).

27 **(15) Instructional Days:** Notwithstanding KRS 158.070, the school term for fiscal

1 year 2010-2011 and fiscal year 2011-2012 shall include the equivalent of 177 six-hour  
2 instructional days. Districts may exceed 177 six-hour instructional days. Included in the  
3 above General Fund appropriation are sufficient funds for 176 six-hour instructional days.

4 **(16) Use of Excess SEEK Funds:** Notwithstanding 2009 (1st Extra. Sess.) Ky.  
5 Acts ch. 2, Section 6, (18), any unexpended SEEK appropriations for fiscal year 2009-  
6 2010 as determined on or before March 1, 2010, by the Kentucky Department of  
7 Education shall lapse to the General Fund.

8 **(17) Use of SEEK Funds:** To receive funds under the SEEK program, district  
9 number 301 shall maintain operation of school number 170 during the time this budget is  
10 in effect.

11 **(18) Equalization Funding for Category 5 Schools:** (a) Included in the above  
12 General Fund appropriation is \$5,958,300 in fiscal year 2011-2012 to provide  
13 equalization funding for school districts that: 1. Have school facilities classified as  
14 Category 5 on May 18, 2010, by the Department of Education; and 2. Levy an additional  
15 five cents equivalent tax rate for debt service, new construction, and major renovation  
16 beyond the five cents equivalent tax rate required by KRS 157.440(1)(b), except as  
17 provided in paragraph (c) of this subsection. Equalization shall be provided at 150 percent  
18 of the statewide average per pupil assessment beginning in the fiscal year following the  
19 fiscal year in which the levy is imposed. The provisions of KRS 132.017 relating to recall  
20 may or may not apply. The local board of education shall have the option of levying this  
21 additional five cents equivalent tax rate without being subject to the recall provisions of  
22 KRS 132.017 or the local board of education may request the county board of elections to  
23 submit to the qualified voters of the district the question whether the rate shall be levied.

24 (b) If the total revenue generated in the 2010-2012 fiscal biennium by the  
25 additional five cents equivalent tax levy, the equalization funds, and any escrowed or  
26 additional offers of assistance from the School Facilities Construction Commission is  
27 insufficient to cash fund the project or to sufficiently support the required annual debt

1 service for the entirety of the capital project, the school district shall be awarded  
2 additional funds equal to the amount of annual debt service necessary to complete the  
3 project in its entirety. Any funds included in paragraph (a) of this subsection not  
4 necessary to provide equalization in fiscal year 2011-2012 shall be used for this purpose.  
5 If the total funds appropriated in paragraph (a) of this subsection are insufficient, the  
6 School Facilities Construction Commission is authorized to make an additional offer of  
7 assistance in an amount needed to fully fund this subsection.

8 (c) School districts that have previously levied a five cents equivalent tax rate for  
9 debt service, new construction, and major renovation beyond the rate required by KRS  
10 157.440(1)(b) shall not be required to levy an additional tax to receive the equalization  
11 funds appropriated in paragraph (a) of this subsection and needed to complete a project in  
12 its entirety. A school district that has previously levied a five cent equivalent tax rate  
13 under KRS 157.621(1) shall receive the equalization funds appropriated in paragraph (a)  
14 of this subsection.

15 (d) If the school district utilizes the equalization funds appropriated in paragraph  
16 (a) of this subsection to support a bond issue for construction purposes, equalization  
17 funds shall be provided for 20 years or until the bonds are retired, whichever is less.

18 (e) The Department of Education, School Facilities Construction Commission,  
19 and local boards of education involved in financing local school facilities construction  
20 projects under this subsection shall, to the extent possible, maximize the use of federal  
21 Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy  
22 Bonds, or any other federal financing or bond programs for which a project may qualify if  
23 use of the program or programs will reduce the overall cost of the project or financing of  
24 the project.

25 (f) In the event that a school district receives funding pursuant to this subsection  
26 to support construction of a new school facility and subsequently, as the result of  
27 litigation, receives funding for the same facility for which state funds were provided, that

1 school district shall reimburse the Commonwealth an amount equal to that provided  
 2 under paragraph (a) of this subsection. Any funds received in this manner shall be  
 3 deposited in the Budget Reserve Trust Fund Account (KRS 48.705).

4 **(19) Appropriation Reduction: The above General Fund appropriation for fiscal**  
 5 **year 2011-2012 shall be reduced to \$2,876,582,600 on January 30, 2012, unless future**  
 6 **action is taken by the General Assembly based on the final managed care savings**  
 7 **report required by Part III, 48. of this Act.**

8 **TOTAL - DEPARTMENT OF EDUCATION**

9		<b>2010-11</b>	<b>2011-12</b>
10	General Fund (Tobacco)	2,150,000	2,050,000
11	General Fund	<u>3,656,595,800</u> <del>[3,657,868,800]</del> <u>3,823,368,300</u> <del>[3,828,830,200]</del>	
12	Restricted Funds	5,601,400	5,632,400
13	Federal Funds	1,214,581,300	848,353,400
14	TOTAL	<u>4,878,928,500</u> <del>[4,880,201,500]</del> <u>4,679,404,100</u> <del>[4,684,866,000]</del>	

15 **D. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

16 **Budget Units**

17 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

18		<b>2010-11</b>	<b>2011-12</b>
19	General Fund	<u>4,402,400</u> <del>[4,418,000]</del>	<u>4,297,700</u> <del>[4,373,800]</del>
20	Restricted Funds	4,943,500	4,943,500
21	Federal Funds	147,600	147,600
22	TOTAL	<u>9,493,500</u> <del>[9,509,100]</del>	<u>9,388,800</u> <del>[9,464,900]</del>

23 **(1) Governor's Scholars Program:** Included in the above General Fund  
 24 appropriation is \$1,970,000 in fiscal year 2010-2011 and \$1,950,300 in fiscal year 2011-  
 25 2012 for the Governor's Scholars Program.

26 **2. DEAF AND HARD OF HEARING**

27		<b>2010-11</b>	<b>2011-12</b>
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1	General Fund	<u>795,900</u> <del>[798,700]</del>	<u>777,000</u> <del>[790,700]</del>
2	Restricted Funds	817,900	831,400
3	TOTAL	<u>1,613,800</u> <del>[1,616,600]</del>	<u>1,608,400</u> <del>[1,622,100]</del>

4 **3. KENTUCKY EDUCATIONAL TELEVISION**

5		<b>2010-11</b>	<b>2011-12</b>
6	General Fund	<u>12,184,600</u> <del>[12,228,000]</del>	<u>11,895,200</u> <del>[12,105,800]</del>
7	Restricted Funds	1,151,000	1,151,000
8	Federal Funds	700,000	700,000
9	TOTAL	<u>14,035,600</u> <del>[14,079,000]</del>	<u>13,746,200</u> <del>[13,956,800]</del>

10 **4. ENVIRONMENTAL EDUCATION COUNCIL**

11		<b>2010-11</b>	<b>2011-12</b>
12	Restricted Funds	319,500	326,100
13	Federal Funds	90,400	33,900
14	TOTAL	409,900	360,000

15 **5. LIBRARIES AND ARCHIVES**

16 **a. General Operations**

17		<b>2010-11</b>	<b>2011-12</b>
18	General Fund	<u>5,805,400</u> <del>[5,826,000]</del>	<u>5,667,500</u> <del>[5,767,800]</del>
19	Restricted Funds	1,427,500	1,427,500
20	Federal Funds	2,165,300	2,165,300
21	TOTAL	<u>9,398,200</u> <del>[9,418,800]</del>	<u>9,260,300</u> <del>[9,360,600]</del>

22 **(1) Local Records Grant Program:** Notwithstanding KRS 142.010(5), included  
 23 in the above General Fund appropriation are amounts for the Local Records Grant  
 24 program.

25 **(2) Collaboration with Public Entities:** The Department of Libraries and  
 26 Archives shall collaborate with Kentucky's public colleges, universities, and libraries to  
 27 explore alternatives to meet the archival needs of the Commonwealth.

1       **b. Direct Local Aid**

	2010-11	2011-12
3       General Fund	<u>5,571,100</u> <del>[5,590,900]</del>	<u>5,438,700</u> <del>[5,535,000]</del>
4       Restricted Funds	895,700	895,700
5       Federal Funds	724,000	724,000
6       TOTAL	<u>7,190,800</u> <del>[7,210,600]</del>	<u>7,058,400</u> <del>[7,154,700]</del>

7       **(1) Per Capita Grants:** Notwithstanding KRS 171.201(2)(b), the department  
8 shall distribute the per capita grants within the available appropriated amounts.

9       **TOTAL - LIBRARIES AND ARCHIVES**

	2010-11	2011-12
11       General Fund	<u>11,376,500</u> <del>[11,416,900]</del>	<u>11,106,200</u> <del>[11,302,800]</del>
12       Restricted Funds	2,323,200	2,323,200
13       Federal Funds	2,889,300	2,889,300
14       TOTAL	<u>16,589,000</u> <del>[16,629,400]</del>	<u>16,318,700</u> <del>[16,515,300]</del>

15       **6. OFFICE FOR THE BLIND**

	2010-11	2011-12
17       General Fund	<u>1,185,500</u> <del>[1,189,700]</del>	<u>1,157,400</u> <del>[1,177,800]</del>
18       Restricted Funds	2,577,800	2,577,800
19       Federal Funds	10,518,600	10,855,600
20       TOTAL	<u>14,281,900</u> <del>[14,286,100]</del>	<u>14,590,800</u> <del>[14,611,200]</del>

21       **7. EMPLOYMENT AND TRAINING**

	2010-11	2011-12
23       General Fund	<u>1,704,000</u> <del>[1,710,000]</del>	-0-
24       Restricted Funds	2,368,800	2,368,800
25       Federal Funds	2,390,538,900	2,393,219,700
26       TOTAL	<u>2,394,611,700</u> <del>[2,394,617,700]</del>	2,395,588,500

27       **(1) Unemployment Insurance Penalty and Interest Account:** Notwithstanding

KRS 341.835, upon approval by the Office of State Budget Director, up to \$3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund may be used during each fiscal year by the Office of Employment and Training to operate employment training and unemployment insurance programs and up to \$750,000 may be transferred in each fiscal year to the General Administration and Program Support budget unit in the Education and Workforce Development Cabinet to aid in the support of the Office of Employment and Training programs.

**(2) Total Unemployment Rate:** (a) Notwithstanding KRS 341.094(2), there is a "state 'on' indicator" for this state with respect to weeks of unemployment until the week ending four weeks prior to the last week of unemployment for which 100 percent federal sharing is available under Section 2005(a) of Public Law 111-5, or a similar provision is in effect, without regard to the extension of federal sharing for certain claims as provided under Section 2005(c) of Public Law 111-5 if:

1. The average rate of total unemployment (seasonally adjusted), as determined by the United States Secretary of Labor, for the period consisting of the most recent three months for which data for all states are published before the close of such week equals or exceeds six and one-half percent; and

2. The average rate of total unemployment in this state (seasonally adjusted), as determined by the United States Secretary of Labor, for the three-month period referred to in subparagraph 1. of this paragraph equals or exceeds 110 percent of such average for either or both of the corresponding three-month periods ending in the preceding two calendar years.

There is a "state 'off' indicator" for a week if the requirements are not satisfied.

(b) Notwithstanding KRS 341.730, effective for weeks beginning in a high unemployment period, the total extended benefit amount payable to any eligible worker with respect to his or her applicable benefit year shall be the least of the following

1 amounts:

2 1. Eighty percent of the maximum amount of regular benefits which were  
3 payable to him or her under KRS Chapter 341 in his or her applicable benefit year; or

4 2. Twenty times the weekly benefit rate which was payable to him or her under  
5 KRS Chapter 341 for a week of total unemployment in the applicable benefit year. As  
6 used in this subparagraph, "high unemployment period" means any period during which  
7 an extended benefit period would be in effect if paragraph (a) of this subsection were  
8 applied by substituting eight percent for six and one-half percent.

9 (c) Notwithstanding KRS 341.096(1)(a), 20 C.F.R. sec. 615.12(c)(1) shall be the  
10 numerator for calculating the rate of insured unemployment.

11 (3) **WorkNow KY:** Included in the above General Fund appropriation is  
12 \$1,710,000 in fiscal year 2010-2011 to provide matching funds for the WorkNow KY  
13 program. This program provides subsidized employment for any youth or adult that is  
14 Temporary Assistance for Needy Families (TANF) eligible.

## 15 8. CAREER AND TECHNICAL EDUCATION

	2010-11	2011-12
17 General Fund	<u>25,876,700</u> <del>[25,968,800]</del>	<u>25,261,800</u> <del>[25,709,100]</del>
18 Restricted Funds	21,620,000	22,708,400
19 Federal Funds	15,153,900	15,153,900
20 TOTAL	<u>62,650,600</u> <del>[62,742,700]</del>	<u>63,124,100</u> <del>[63,571,400]</del>

21 (1) **Participation in the Education Technology Program by Area Vocational**  
22 **Education Centers:** Area Vocational Education Centers shall be fully eligible to  
23 participate in the Kentucky Education Technology System. Notwithstanding KRS  
24 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission,  
25 in consultation with the Kentucky Board of Education and the Department of Education,  
26 shall develop administrative regulations which identify a methodology by which the  
27 average daily attendance for Area Vocational Education Centers may be equated to the

1 average daily attendance of other local school districts in order that they may receive their  
2 respective distributions of these funds. The School Facilities Construction Commission  
3 shall include Area Vocational Education Centers in any offers of assistance to local  
4 school districts for technology assistance during the 2010-2012 fiscal biennium.

5 **(2) Transfer of State-Operated Secondary Vocational Education and**

6 **Technology Centers:** (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045,

7 151B.050, 151B.055, and 151B.070, effective at the beginning of fiscal year 2010-2011,

8 a local board of education may submit a request to the Executive Director of the Office of

9 Career and Technical Education to assume authority for the management and control of a

10 state-operated secondary vocational education and technology center. Upon agreement

11 between the Executive Director of the Office of Career and Technical Education and the

12 local board of education for the transfer of a state-operated secondary vocational

13 education and technology center, all personnel, equipment, and supplies shall be

14 transferred to the local board of education and shall only be utilized for the operation of

15 the locally operated vocational center. The transfer of management and control of the

16 secondary area vocational education and technology center shall be considered a

17 permanent transfer to the local district.

18 (b) A certified employee who is affected by a transfer to the local board of

19 education under paragraph (a) of this subsection shall be granted a one year limited

20 contract by the local board of education and shall be employed on the local district salary

21 schedule. A classified employee shall be guaranteed employment equal to his or her

22 present status for at least one complete school term. A transferred employee shall be

23 provided the benefits of comparable employees in the district and shall be subject to all

24 rules and policies of the local board of education, including but not limited to disciplinary

25 and personnel actions that are the same as those that may be exercised by the district for

26 any other employee in the district during a contract period.

27 (c) A transferred employee who has accrued annual leave and compensatory time

1 shall be paid a lump sum for the accrued time at the effective date of the transfer by the  
2 Office of Career and Technical Education. The employee shall be granted credit for  
3 accrued sick leave up to the maximum allowed for transfers for teachers between school  
4 districts. Sick leave credit shall be awarded to a classified employee based on the local  
5 board policy. Any excess sick leave that a classified or certified employee has earned that  
6 the district will not accept in the transfer may be requested to be held in escrow by the  
7 appropriate state personnel system under KRS Chapter 18A or 151B, and the sick leave  
8 balance shall be restored to the employee if the employee returns to a state government  
9 position.

10 (d) An employee who is to be transferred to a local board of education under  
11 provisions of this subsection but who chooses not to accept a one year limited contract  
12 with the board shall be separated from the state system and the employee's position shall  
13 be abolished. The employee may apply for any state position for which the employee is  
14 qualified but shall not be granted priority over other applicants for a position because the  
15 employee's position was abolished due to a transfer of the vocational education and  
16 technology center. An employee who refuses a contract with the local board shall be  
17 provided a lump-sum payment for accrued annual leave and compensatory time, and the  
18 employee's sick leave balance shall be placed in escrow by the appropriate state personnel  
19 system under KRS Chapter 18A or 151B. The sick leave balance shall be restored to the  
20 employee if the employee returns to a state government position.

21 (e) A certified employee, other than a principal, who has earned continuing status  
22 in the state certified personnel system under KRS Chapter 151B may be granted tenure  
23 under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a  
24 teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall  
25 apply.

26 (f) An employee of the Office of Career and Technical Education who is  
27 transferred to the local school district and who occupies a position covered by the

1 Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System.

2 (g) General Fund moneys previously appropriated to the Office of Career and  
3 Technical Education for support of the transferred state-operated vocational technical  
4 school shall be appropriated to the Kentucky Department of Education for support of the  
5 local board of education center operations effective at the beginning of fiscal year 2010-  
6 2011. In addition, the local board of education shall receive 100 percent of the Support  
7 Education Excellence in Kentucky (SEEK) Program funds from the Kentucky  
8 Department of Education that are generated from students enrolled in the center.

9 **9. VOCATIONAL REHABILITATION**

	2010-11	2011-12
11 General Fund	11,663,800	11,547,200
12 Restricted Funds	3,507,100	3,506,900
13 Federal Funds	48,618,300	48,969,400
14 TOTAL	63,789,200	64,023,500

15 (1) **Interpreter Services:** Included in the above General Fund appropriation is  
16 \$450,000 in each fiscal year to provide accessibility services for deaf and hard of hearing  
17 students in postsecondary education institutions.

18 **10. EDUCATION PROFESSIONAL STANDARDS BOARD**

	2010-11	2011-12
20 General Fund	<u>7,656,500</u> [7,683,700]	<u>7,474,600</u> [7,606,900]
21 Restricted Funds	870,500	870,500
22 Federal Funds	304,200	308,300
23 TOTAL	<u>8,831,200</u> [8,858,400]	<u>8,653,400</u> [8,785,700]

24 (1) **Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to  
25 18A.200, the Education Professional Standards Board shall have the sole authority to  
26 determine the employees of the Education Professional Standards Board staff who are  
27 exempt from the classified service and to set their compensation comparable to the

competitive market.

**(2) Kentucky Teacher Internship Program:** Notwithstanding KRS 161.030(7), the Education Professional Standards Board shall set the minimum number of hours for the activities set forth in KRS 161.030(7), subject to the availability of appropriations.

**(3) Kentucky Principal Internship Program:** Notwithstanding KRS 161.027, no funds are provided in the above appropriations for the operational costs of the Kentucky Principal Internship Program.

**(4) Teacher Certification:** Notwithstanding KRS 161.020 to 161.120, the Education Professional Standards Board shall extend by two years the length of time required for certified teachers to complete a planned fifth year program.

#### **TOTAL - EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>76,845,900</u> [77,077,600]	<u>73,517,100</u> [74,614,100]
Restricted Funds	40,499,300	41,607,600
Federal Funds	2,468,961,200	2,472,277,700
Road Fund	-0-	-0-
<b>TOTAL</b>	<u><b>2,586,306,400</b></u> [2,586,538,100]	<u><b>2,587,402,400</b></u> [2,588,499,400]

#### **E. ENERGY AND ENVIRONMENT CABINET**

##### **Budget Units**

##### **1. SECRETARY**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>3,450,300</u> [3,462,500]	<u>4,082,200</u> [4,154,400]
Restricted Funds	453,500	467,700
Federal Funds	978,200	1,015,500
<b>TOTAL</b>	<u><b>4,882,000</b></u> [4,894,200]	<u><b>5,565,400</b></u> [5,637,600]

**(1) Debt Service:** Included in the above General Fund appropriation is \$726,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II,



1 Capital Projects Budget, of this Act.

2 **2. ENVIRONMENTAL PROTECTION**

	2010-11	2011-12
4 General Fund	<u>23,365,100</u> <del>[23,448,300]</del>	<u>26,709,900</u> <del>[27,182,800]</del>
5 Restricted Funds	64,571,200	65,221,300
6 Federal Funds	23,955,000	23,923,000
7 Road Fund	300,000	300,000
8 TOTAL	<u>112,191,300</u> <del>[112,274,500]</del>	<u>116,154,200</u> <del>[116,627,100]</del>

9 **(1) Municipal Solid Waste Landfill Inspectors:** Notwithstanding KRS 224.43-  
 10 320, no funds are provided in the above appropriations for the assignment of full-time  
 11 inspectors to each municipal solid waste landfill operating in the Commonwealth.

12 **(2) Debt Service:** Included in the above General Fund appropriation is  
 13 \$1,951,000 in fiscal year 2010-2011 and \$5,900,500 in fiscal year 2011-2012 for new  
 14 debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this  
 15 Act.

16 **(3) Waste Tire Trust Fund:** Notwithstanding KRS 224.50-868(1), the new tire  
 17 fee shall continue to be collected until June 30, 2012, to continue the waste tire program  
 18 authorized by KRS 224.50-850 to 224.50-880. Notwithstanding KRS 224.50-880, the  
 19 Energy and Environment Cabinet shall utilize no more than 25 percent of the funds  
 20 collected for administration. All other funds shall be utilized, in accordance with the  
 21 above referenced statutes, for waste tire amnesty programs, crumb rubber grants, tire-  
 22 derived fuel programs, and other projects that will manage waste tires as appropriate to  
 23 protect human health, safety, and the environment, or to develop markets for waste tires.

24 **(4) Kentucky Pride Program:** Included in the above Restricted Funds  
 25 appropriation is \$14,750,000 in each fiscal year for the Kentucky Pride Program.

26 **3. NATURAL RESOURCES**

	2010-11	2011-12
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1	General Fund (Tobacco)	9,000,000	6,000,000
2	General Fund	<u>34,056,500</u> [34,177,800]	<u>33,247,300</u> [33,836,000]
3	Restricted Funds	19,004,200	19,291,900
4	Federal Funds	54,623,500	54,803,700
5	TOTAL	<u>116,684,200</u> [116,805,500]	<u>113,342,900</u> [113,931,600]

6       **(1) Emergency Forest Fire Suppression:** Not less than \$240,000 of the above  
7 General Fund appropriation for each fiscal year shall be set aside for emergency forest  
8 fire suppression. There is appropriated from the General Fund the necessary funds,  
9 subject to the conditions and procedures provided in this Act, which are required as a  
10 result of emergency fire suppression activities in excess of \$240,000. Fire suppression  
11 costs in excess of \$240,000 annually shall be deemed necessary government expenses and  
12 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget  
13 Reserve Trust Fund Account (KRS 48.705).

14       **(2) Mine Safety:** Included in the above General Fund appropriation is \$4,300,000  
15 in fiscal year 2010-2011 and \$4,400,000 in fiscal year 2011-2012 for the Office of Mine  
16 Safety and Licensing, Natural Resources budget unit.

17       **(3) Conservation Districts:** Included in the above General Fund appropriation is  
18 \$950,000 in each fiscal year for the Division of Conservation to provide direct aid to local  
19 conservation districts.

#### 20   **4. ENERGY DEVELOPMENT AND INDEPENDENCE**

21		<b>2010-11</b>	<b>2011-12</b>
22	General Fund	<u>1,457,500</u> [1,462,600]	<u>1,422,900</u> [1,448,000]
23	Restricted Funds	4,066,500	3,958,800
24	Federal Funds	36,598,600	4,936,000
25	TOTAL	<u>42,122,600</u> [42,127,700]	<u>10,317,700</u> [10,342,800]

26       **(1) Energy Research and Development:** (a) Notwithstanding KRS 42.4588,  
27 included in the above Restricted Funds appropriation is \$3,500,000 in fiscal year 2010-

2011 and \$3,500,000 in fiscal year 2011-2012 which shall be used, except as specified in paragraph (b) of this subsection, for research projects relating to clean coal, new combustion technology, thin-seam coal extraction, safety, tracking and communication devices, coal slurry disposal, synthetic natural gas produced from coal through gasification processes, and the development of alternative transportation fuels produced by processes that convert coal or biomass resources or extract oil from oil shale, and other coal research and shall be targeted solely to Kentucky's Local Government Economic Development Fund-eligible counties. The Department for Energy Development and Independence shall coordinate its efforts with those of Kentucky's universities and related Kentucky Community and Technical College System programs in order to maximize Kentucky's opportunities for federal funding and receive research grants and awards from federal and other sources of funding for the development of clean coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and biomass energy resources.

(b) Included in the Restricted Funds appropriation in paragraph (a) of this subsection is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 which shall not be expended unless matched with federal or private funds for the purpose of supporting research and development activities at the University of Kentucky Center for Applied Energy Research.

## 5. ENVIRONMENTAL QUALITY COMMISSION

	2010-11	2011-12
Restricted Funds	257,400	263,600

## 6. KENTUCKY NATURE PRESERVES COMMISSION

	2010-11	2011-12
General Fund	<u>1,037,700</u> <del>[1,041,300]</del>	<u>1,013,000</u> <del>[1,030,900]</del>
Restricted Funds	242,000	241,900
Federal Funds	43,000	43,000
TOTAL	<u>1,322,700</u> <del>[1,326,300]</del>	<u>1,297,900</u> <del>[1,315,800]</del>

1     **7. PUBLIC SERVICE COMMISSION**

2		<b>2010-11</b>	<b>2011-12</b>
3	General Fund	13,000,000	13,000,000
4	Restricted Funds	211,000	211,000
5	Federal Funds	218,300	218,300
6	TOTAL	13,429,300	13,429,300

7     **(1) Debt Service:** Included in the above General Fund appropriation is \$589,000  
8 in fiscal year 2010-2011 and \$589,000 in fiscal year 2011-2012 for debt service for  
9 previously issued bonds.

10     **(2) Lapse of General Fund Appropriation Balance:** Notwithstanding KRS  
11 278.150(3), \$3,675,800~~[\$3,629,700]~~ in fiscal year 2010-2011 and  
12 \$3,944,900~~[\$3,718,700]~~ in fiscal year 2011-2012 shall lapse to the credit of the General  
13 Fund.

14     **(3) Telecommunication Access Program:** Notwithstanding KRS 278.5499, the  
15 funding mechanism for the telecommunication device for the deaf distribution program  
16 shall allocate not more than two cents per access line per month.

17     **(4) Small Utilities Assistance:** Included in the above General Fund appropriation  
18 is \$400,000 in fiscal year 2010-2011 and \$400,000 in fiscal year 2011-2012 for small  
19 utilities assistance.

20     **(5) Water Districts and Water Associations:** A water district created pursuant  
21 to KRS Chapter 74 and a water association formed under KRS Chapter 273 that  
22 undertakes a waterline extension or improvement project shall not be required to obtain a  
23 certificate of public convenience and necessity, notwithstanding KRS 278.020(1), if the  
24 water district or water association is a Class A or B utility as defined in the Uniform  
25 System of Accounts established by the Public Service Commission, pursuant to KRS  
26 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The  
27 water line extension or improvement project will not cost in excess of \$500,000; or (b)

The water district or water association will not, as a result of the water line extension or improvement project, incur obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers.

#### **TOTAL - ENERGY AND ENVIRONMENT CABINET**

	<b>2010-11</b>	<b>2011-12</b>
General Fund (Tobacco)	9,000,000	6,000,000
General Fund	<u>76,367,100</u> [76,592,500]	<u>79,475,300</u> [80,652,100]
Restricted Funds	88,805,800	89,656,200
Federal Funds	116,416,600	84,939,500
Road Fund	300,000	300,000
<b>TOTAL</b>	<b><u>290,889,500</u></b> [291,114,900]	<b><u>260,371,000</u></b> [261,547,800]

#### **F. FINANCE AND ADMINISTRATION CABINET**

##### **Budget Units**

##### **1. GENERAL ADMINISTRATION**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>7,101,600</u> [7,126,900]	<u>6,932,900</u> [7,055,600]
Restricted Funds	30,757,800	30,794,100
Federal Funds	31,640,900	30,534,500
Road Fund	400,000	400,000
<b>TOTAL</b>	<b><u>69,900,300</u></b> [69,925,600]	<b><u>68,661,500</u></b> [68,784,200]

**(1) State Motor Vehicle Fleet:** The Secretary of the Finance and Administration Cabinet shall restrict permanently assigned vehicles to only Constitutional Officers, the Court of Justice, Executive Cabinet Secretaries, law enforcement, or for other public safety purposes. A report listing the recipients of permanently assigned vehicles from the State Motor Vehicle Fleet shall be submitted to the Interim Joint Committee on

1 Appropriations and Revenue by August 1 of each fiscal year.

2       **(2) Gubernatorial Transition:** Should there be a new Governor-elect, then  
 3 pursuant to KRS 11.260, the Finance and Administration Cabinet shall bear all necessary  
 4 expenses for carrying out the purposes of KRS 11.210 to 11.260. Up to \$220,000 of these  
 5 necessary expenses shall be deemed a necessary government expense and shall be paid  
 6 from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund  
 7 Account (KRS 48.705).

## 8       **2. CONTROLLER**

	2010-11	2011-12
10       General Fund	<u>5,908,200</u> <del>[5,929,200]</del>	<u>5,767,800</u> <del>[5,869,900]</del>
11       Restricted Funds	8,038,400	8,106,100
12       TOTAL	<u>13,946,600</u> <del>[13,967,600]</del>	<u>13,873,900</u> <del>[13,976,000]</del>

13       **(1) Social Security Contingent Liability Fund:** Any expenditures that may be  
 14 required by KRS 61.470 are hereby deemed necessary government expenses and shall be  
 15 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any  
 16 available balance in the Budget Reserve Trust Fund Account (KRS 48.705), subject to the  
 17 conditions and procedures provided in this Act.

## 18       **3. DEBT SERVICE**

	2010-11	2011-12
20       General Fund (Tobacco)	18,746,600	30,275,700
21       General Fund	311,487,400	<u>338,061,800</u> <del>[271,087,500]</del>
22       TOTAL	330,234,000	<u>368,337,500</u> <del>[301,363,200]</del>

23       **(1) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding the  
 24 provisions of Part X, (4) of this Act, \$3,008,100 in fiscal year 2010-2011 and \$2,994,800  
 25 in fiscal year 2011-2012 shall lapse and not continue forward to the next fiscal year.

## 26       **4. FACILITIES AND SUPPORT SERVICES**

	2010-11	2011-12
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1	General Fund	<u>5,693,000</u> <del>[5,713,200]</del>	<u>6,138,300</u> <del>[6,246,900]</del>
2	Restricted Funds	36,139,700	37,418,700
3	Federal Funds	513,500	324,000
4	TOTAL	<u>42,346,200</u> <del>[42,366,400]</del>	<u>43,881,000</u> <del>[43,989,600]</del>

5       **(1) Debt Service:** Included in the above General Fund appropriation is \$333,500  
6 in fiscal year 2010-2011 and \$920,000 in fiscal year 2011-2012 for new debt service to  
7 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

## 8   **5. COUNTY COSTS**

9		<b>2010-11</b>	<b>2011-12</b>
10	General Fund	<u>16,765,500</u> <del>[16,825,200]</del>	<u>16,448,600</u> <del>[16,739,800]</del>
11	Restricted Funds	1,702,500	1,702,500
12	TOTAL	<u>18,468,000</u> <del>[18,527,700]</del>	<u>18,151,100</u> <del>[18,442,300]</del>

13       **(1) County Costs:** Funds required to pay county costs are appropriated and  
14 additional funds may be allotted from the General Fund Surplus Account (KRS 48.700)  
15 or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance  
16 and Administration Cabinet, subject to the conditions and procedures provided in this  
17 Act.

## 18   **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

19		<b>2010-11</b>	<b>2011-12</b>
20	Restricted Funds	64,279,000	65,318,100
21	Federal Funds	50,000	50,000
22	TOTAL	64,329,000	65,368,100

23       **(1) Computer Services Fund Receipts:** The Secretary of the Finance and  
24 Administration Cabinet shall provide a listing of fee receipts from the Executive, Judicial,  
25 and Legislative Branches of government itemized by appropriation units, cost allocation  
26 methodology, and a report detailing the rebate of excess fee receipts to the agencies to the  
27 Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

1    **7. REVENUE**

2		<b>2010-11</b>	<b>2011-12</b>
3	General Fund (Tobacco)	275,000	275,000
4	General Fund	<u>74,451,600</u> [74,716,800]	<u>72,454,800</u> [73,737,800]
5	Restricted Funds	6,108,600	6,251,500
6	Road Fund	2,325,000	2,325,000
7	TOTAL	<u>83,160,200</u> [83,425,400]	<u>81,306,300</u> [82,589,300]

8        **(1) Insurance Surcharge Rate:** Pursuant to KRS 136.392, the insurance  
 9 surcharge rate shall be calculated at a rate to provide sufficient funds in the 2010-2012  
 10 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law  
 11 Enforcement Foundation Program Fund. The calculation of sufficient funds for the  
 12 above-named programs shall include any Restricted Funds carried forward from fiscal  
 13 years 2009-2010 and 2010-2011 as provided by the General Assembly in this Act.

14        **(2) Road Fund Compliance and Motor Vehicle Property Tax Programs:** The  
 15 above Road Fund appropriation in each fiscal year represents the cost of the Road Fund  
 16 Compliance and Motor Vehicle Property Tax Programs within the Department of  
 17 Revenue and is to be used exclusively for that purpose.

18        **(3) Operations of Revenue:** Notwithstanding KRS 132.672, 136.652, 160.6154,  
 19 and 365.390(2), funds may be expended in support of the operations of the Department of  
 20 Revenue.

21        **(4) Debt Service:** Included in the above General Fund appropriation is \$651,000  
 22 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II,  
 23 Capital Projects Budget, of this Act.

24    **8. PROPERTY VALUATION ADMINISTRATORS**

25		<b>2010-11</b>	<b>2011-12</b>
26	General Fund	<u>34,848,500</u> [34,972,600]	<u>34,020,400</u> [34,622,800]
27	Restricted Funds	3,701,300	3,701,300



1 TOTAL 38,549,800[38,673,900] 37,721,700[38,324,100]

2 (1) **Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597,  
3 the property valuation administrators are authorized to take necessary actions to manage  
4 expenditures within the appropriated amounts contained in this Act.

5 **TOTAL - FINANCE AND ADMINISTRATION CABINET**

6		2010-11	2011-12
7	General Fund (Tobacco)	19,021,600	30,550,700
8	General Fund	<u>456,255,800</u> [456,771,300]	<u>479,824,600</u> [415,360,300]
9	Restricted Funds	150,727,300	153,292,300
10	Federal Funds	32,204,400	30,908,500
11	Road Fund	2,725,000	2,725,000
12	TOTAL	<u>660,934,100</u> [661,449,600]	<u>697,301,100</u> [632,836,800]

13 **G. HEALTH AND FAMILY SERVICES CABINET**

14 **Budget Units**

15 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

16		2010-11	2011-12
17	General Fund	<u>34,382,600</u> [34,505,000]	<u>33,565,600</u> [34,159,900]
18	Restricted Funds	9,221,600	9,683,800
19	Federal Funds	35,807,300	37,199,200
20	TOTAL	<u>79,411,500</u> [79,533,900]	<u>80,448,600</u> [81,042,900]

21 (1) **Human Services Transportation Delivery:** Notwithstanding KRS 281.014,  
22 the Kentucky Works Program shall not participate in the Human Services Transportation  
23 Delivery Program or the Coordinated Transportation Advisory Committee.

24 (2) **Debt Service:** Included in the above General Fund appropriation is \$139,000  
25 in fiscal year 2010-2011 and \$406,500 in fiscal year 2011-2012 for new debt service to  
26 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

27 (3) **Transfer of Funds Between Appropriation Units of the Cabinet:** The

1 Secretary of the Cabinet for Health and Family Services may, with the prior approval of  
 2 the State Budget Director and prior notice to the Interim Joint Committee on  
 3 Appropriations and Revenue, transfer General Fund moneys appropriated in this Act from  
 4 one appropriation unit within the cabinet to another Cabinet for Health and Family  
 5 Services unit to address projected funding shortfalls and for other program reasons in the  
 6 best interest of the citizens of the Commonwealth.

7 **(4) Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any  
 8 provisions of this Act to the contrary, direct service units of the Office of Inspector  
 9 General, Department for Income Support, Commission for Children with Special Health  
 10 Care Needs, Department for Community Based Services, Department for Medicaid  
 11 Services, Department for Behavioral Health, Developmental and Intellectual Disabilities,  
 12 and the Department for Public Health shall be authorized to establish and fill such  
 13 positions that are 100 percent federally funded for salary and fringe benefits.

## 14 **2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH**

### 15 **CARE NEEDS**

16	2010-11	2011-12
17 General Fund (Tobacco)	350,000	350,000
18 General Fund	<u>4,966,900</u> [4,984,500]	<u>4,848,900</u> [4,934,700]
19 Restricted Funds	6,971,900	6,971,900
20 Federal Funds	4,415,400	4,566,100
21 TOTAL	<u>16,704,200</u> [16,721,800]	<u>16,736,900</u> [16,822,700]

22 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)  
 23 appropriation is \$350,000 for Universal Newborn Hearing Screening and Vision  
 24 Screening in each fiscal year.

## 25 **3. MEDICAID SERVICES**

### 26 **a. Medicaid Administration**

27	2010-11	2011-12
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1	General Fund	<u>36,174,300</u> <del>[36,303,100]</del>	<u>35,314,800</u> <del>[35,940,100]</del>
2	Restricted Funds	24,590,300	14,096,900
3	Federal Funds	62,181,600	51,690,400
4	TOTAL	<u>122,946,200</u> <del>[123,075,000]</del>	<u>101,102,100</u> <del>[101,727,400]</del>

5       **(1) Transfer of Excess Administrative Funds for Medicaid Benefits:** If any  
6       portion of the above General Fund appropriation in either fiscal year is deemed to be in  
7       excess of the necessary expenses for administration of the Department, the amount may  
8       be used for Medicaid Benefits in accordance with statutes governing the functions and  
9       activities of the Department for Medicaid Services. In no instance shall these excess  
10      funds be used without prior written approval of the State Budget Director to:

- 11       (a) Establish a new program;
- 12       (b) Expand the services of an existing program; or
- 13       (c) Increase rates or payment levels in an existing program.

14       Any transfer authorized under this subsection shall be approved by the Secretary of  
15      the Finance and Administration Cabinet upon recommendation of the State Budget  
16      Director.

17       **(2) Medicaid Service Category Expenditure Information:** No Medicaid  
18      managed care contract shall be valid and no payment to a Medicaid managed care vendor  
19      by the Finance and Administration Cabinet or the Cabinet for Health and Family Services  
20      shall be made, unless the Medicaid managed care contract contains a provision that the  
21      contractor shall collect Medicaid expenditure data by the categories of services paid for  
22      by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories  
23      of Medicaid services, including mandated and optional Medicaid services, special  
24      expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital,  
25      shall be compiled by the Department for Medicaid Services for all Medicaid providers  
26      and forwarded to the Interim Joint Committee on Appropriations and Revenue on a  
27      quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services

shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request.

**b. Medicaid Benefits**

	2010-11	2011-12
General Fund	<u>940,433,200</u> <del>[776,598,500]</del> <u>1,337,959,800</u> <del>[1,435,255,600]</del>	
Restricted Funds	358,478,000	370,376,900
Federal Funds	<u>4,552,040,200</u> <del>[4,363,555,100]</del> <u>4,233,704,000</u> <del>[4,322,985,400]</del>	
TOTAL	<u>5,850,951,400</u> <del>[5,498,631,600]</del> <u>5,942,040,700</u> <del>[6,128,617,900]</del>	

**(1) Supports for Community Living Slots:** Included in the above appropriation is \$1,896,700 in General Fund moneys and \$5,983,300 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2010-2011 and \$6,774,000 in General Fund moneys and \$16,986,000 in Federal Funds to support 200 additional Supports for Community Living slots in fiscal year 2011-2012 for a total of 400 additional slots over the 2010-2012 fiscal biennium.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients.

**(2) Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2010-2011 shall not lapse but shall be carried forward into the next fiscal year.

**(3) Disproportionate Share Hospital Program:** Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law.

**(4) Hospital Indigent Patient Billing:** Hospitals shall not bill patients for services if the services have been reported to the Cabinet and the hospital has received disproportionate share payments for the specific services.

**(5) Provider Tax Information:** Any provider who posts a sign or includes

1 information on customer receipts or any material distributed for public consumption  
2 indicating that it has paid provider tax shall also post, in the same size typeset as the  
3 provider tax information, the amount of payment received from the Department for  
4 Medicaid Services during the same period the provider tax was paid. Providers who fail  
5 to meet this requirement shall be excluded from the Disproportionate Share Hospital and  
6 Medicaid Programs. The Cabinet for Health and Family Services shall include this  
7 provision in facilities' annual licensure inspections.

8       **(6) Quality and Charity Care Trust Fund:** No hospital shall be reimbursed  
9 from both the Quality and Charity Care Trust Fund and the Disproportionate Share  
10 Hospital Program for the same service to the same patient. Any hospital that willfully  
11 violates this provision shall be subject to a penalty equal to three times the amount of the  
12 improper charge to the funds which shall be credited to the General Fund. The Secretary  
13 of the Cabinet for Health and Family Services shall have the authority to secure the  
14 patient information as needed from the participating facilities in order to determine  
15 compliance and enforce this provision. Each facility billing and receiving reimbursements  
16 from the Quality and Charity Care Trust Fund shall be required to identify each patient by  
17 Social Security number and indicate whether the patient is classified as indigent or  
18 medically needy. In any fiscal year for which all the parties to the Quality and Charity  
19 Care Trust Agreement so agree, the General Fund appropriation to fulfill the  
20 Commonwealth's contractual obligation relating to the Quality and Charity Care Trust  
21 Agreement, or any portion thereof, together with any other funds paid to the Quality and  
22 Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be  
23 transferred to the Department for Medicaid Services as part of its Restricted Funds  
24 appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the  
25 Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of  
26 the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the  
27 Quality and Charity Care Trust shall operate pursuant to its contractual provisions.

1       **(7) Kentucky Children's Health Insurance Program (KCHIP):** The Secretary  
2 of the Cabinet for Health and Family Services may transfer funds from the Medicaid  
3 Benefits budget unit to the Kentucky Children's Health Insurance Program General Fund  
4 or Restricted Funds appropriations to be used to match the Federal Funds. These transfers  
5 may be made to cover both additional regular allocations and redistribution from the  
6 federal government. The Secretary shall recommend any proposed transfer to the State  
7 Budget Director for review and concurrence prior to transfer. Upon concurrence of the  
8 State Budget Director and prior to the transfer, the Secretary shall make the appropriate  
9 interim appropriation increase requests pursuant to KRS 48.630.

10       **(8) Intergovernmental Transfers (IGTs):** Any funds received through an  
11 Intergovernmental Transfer (IGT) agreement between the Department for Medicaid  
12 Services and other governmental entities, in accordance with a federally approved State  
13 Plan amendment, shall be used to provide for the health and welfare of the citizens of the  
14 Commonwealth through the provision of Medicaid Benefits. Revenues from IGTs are  
15 contingent upon agreement by the parties. The Secretary of the Cabinet for Health and  
16 Family Services shall make the appropriate interim appropriations increase requests  
17 pursuant to KRS 48.630.

18       **(9) Medicaid Budget Analysis Reports:** The Department for Medicaid Services  
19 shall submit a quarterly budget analysis report to the Interim Joint Committee on  
20 Appropriations and Revenue. The report shall provide monthly detail of actual  
21 expenditures, eligibles, and average monthly cost per eligible by eligibility category along  
22 with current trailing 12-month averages for each of these figures. The report shall also  
23 provide actual figures for all categories of noneligible-specific expenditures such as  
24 Supplemental Medical Insurance premiums, Kentucky Patient Access to Care,  
25 nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share  
26 Hospital payments by type of hospital. The report shall compare the actual expenditure  
27 experience with those underlying the enacted or revised enacted budget and explain any

1 significant variances which may occur.

2       **(10) Medicaid Benefits Budget Deficit:** In the event Medicaid Benefits  
3 expenditures are projected to exceed available funds, the Secretary of the Cabinet for  
4 Health and Family Services shall be empowered to recommend that reimbursement rates,  
5 optional services, eligibles, or programs be reduced or maintained at levels existing at the  
6 time of the projected deficit in order to avoid a budget deficit. The projected deficit shall  
7 be confirmed by the Office of State Budget Director. No service, eligible, or program  
8 reductions shall be implemented by the Cabinet for Health and Family Services without  
9 written notice of such action to the Interim Joint Committee on Appropriations and  
10 Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and  
11 Family Services shall be reported, upon request, at the next meeting of the Interim Joint  
12 Committee on Appropriations and Revenue.

13       ~~**(11) Medicaid Benefits Budget Surplus:** In the event Medicaid Benefits~~  
14 ~~expenditures are less than available funds, the Secretary of the Cabinet for Health and~~  
15 ~~Family Services may recommend the utilization of available funds to increase~~  
16 ~~reimbursement rates, support program administration, or expand the Medicaid Program or~~  
17 ~~the number of eligibles. No reimbursement rate, service, eligible, or program shall be~~  
18 ~~increased without written approval of the State Budget Director and a report to the~~  
19 ~~Interim Joint Committee on Appropriations and Revenue.]~~

20       **(12) Transfer of Medicaid Benefits Funds:** Any portion of the General Fund  
21 appropriation in either fiscal year that is deemed to be necessary for the administration of  
22 the Medicaid program may be transferred from the Medicaid Benefits budget unit to the  
23 Medicaid Administration budget unit in accordance with statutes governing the functions  
24 and activities of the Department for Medicaid Services. The Secretary shall recommend  
25 any proposed transfer to the State Budget Director for approval prior to transfer. Such  
26 action shall be reported by the Cabinet for Health and Family Services to the Interim Joint  
27 Committee on Appropriations and Revenue.

1       **(13) Critical Access Hospitals:** Beginning with the effective date of this Act  
2 through June 30, 2012, no acute care hospital shall convert to a critical access hospital  
3 unless the hospital has either received funding for a feasibility study from the Kentucky  
4 State Office of Rural Health or filed a written request by January 1, 2010, with the  
5 Kentucky State Office of Rural Health requesting funding for conducting a feasibility  
6 study.

7       **(14) Medicaid Copayments:** Notwithstanding KRS 205.6312, the Department for  
8 Medicaid Services may impose copayments for services rendered to Medicaid recipients  
9 not to exceed the amounts permitted by federal law.

10       **(15) Medicaid Pharmacy:** Notwithstanding KRS 205.6312(4), a pharmacy  
11 provider participating in the Medical Assistance Program shall not be required to serve an  
12 eligible recipient if the recipient does not make the required copayment at the time of  
13 service. An exception to this provision shall be an initial encounter when a recipient  
14 presents a condition which could result in harm to the recipient if left untreated, in which  
15 case the pharmacist shall dispense a 72 hour emergency supply of the required medicine.  
16 The recipient may then return to the pharmacy with the necessary copayment to obtain the  
17 remainder of the prescription. Only one dispensing fee shall be paid by the Cabinet for the  
18 provision of both the emergency supply and the remainder of the prescription.

19       **(16) KCHIP Premium Suspension:** Included in the above General Fund  
20 appropriation is \$370,000 in each fiscal year for suspending KCHIP premiums. The  
21 additional funding represents the net state share between premium collections less  
22 administrative costs related to premium collections. Notwithstanding KRS  
23 205.6485(1)(c), KCHIP premiums are suspended for fiscal year 2010-2011 and fiscal year  
24 2011-2012.

25       **(19) Appeals:** An appeal from denial of a service or services provided by a  
26 Medicaid managed care organization for medical necessity, or denial, limitation, or  
27 termination of a health care service in a case involving a medical or surgical specialty or



1 subspecialty, shall, upon request of the recipient, authorized person, or provider, include a  
2 review by a board-eligible or board-certified physician in the appropriate specialty or  
3 subspecialty area; except in the case of a health care service rendered by a chiropractor or  
4 optometrist, in which case, the denial shall be made respectively by a chiropractor or  
5 optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The  
6 physician reviewer shall not have participated in the initial review and denial of service  
7 and shall not be the provider of service or services under consideration in the appeal.

8 **(20) Medicaid Waiver for Personal Care Services:** The Cabinet for Health and  
9 Family Services shall conduct a study to determine the feasibility of pursuing a Medicaid  
10 waiver for personal care services. The results of the study shall be reported to the Interim  
11 Joint Committee on Health and Welfare by December 1, 2010.

12 **(21) General Fund Carry Forward:** Notwithstanding KRS 45.229, included in  
13 the above General Fund appropriation is \$20,609,400 in fiscal year 2009-2010 which  
14 shall be carried forward to fiscal year 2010-2011 to support Medicaid benefits  
15 expenditures and \$16,350,700 in fiscal year 2010-2011 which shall be carried forward to  
16 fiscal year 2011-2012 to support Medicaid benefits expenditures.

17 **(22) Medicaid Recipient Identification Study:** The Cabinet for Health and  
18 Family Services shall conduct a study to identify security measures permitted by federal  
19 law that ensure Medicaid recipients over 18 years of age and not residing in institutions  
20 are properly identified with Medicaid providers and that multiple persons do not utilize  
21 the same Medicaid card. The Cabinet shall report the study findings to the Interim Joint  
22 Committees on Health and Welfare and Appropriations and Revenue by December 1,  
23 2010.

24 **(23) Drug Utilization Review:** The Cabinet for Health and Family Services shall  
25 implement the Drug Management Review Advisory Board in accordance with the  
26 provisions of KRS 205.5636 and 205.5638.

27 **(24) Medicaid Analysis:** The Cabinet for Health and Family Services shall

1 develop a plan for evaluating Medicaid benefits and efficiencies.

2 Areas to be evaluated for Medicaid efficiencies shall include, but not be limited to:

3 (a) Alternate methods of achieving savings in pharmacy dispensing fees; (b) An  
4 evaluation of options in reducing the average wholesale price (AWP) pricing structures  
5 for all drug categories; (c) An analysis of potential savings through medication therapy  
6 management; and (d) An assessment of the fiscal impact of primary care case  
7 management programs. The plan shall include a cost and savings analysis.

8 The Cabinet for Health and Family Services shall report on the efficiency  
9 evaluations to the Interim Joint Committee on Health and Welfare and the Interim Joint  
10 Committee on Appropriations and Revenue by December 1, 2010.

11 **(25) Partnership Section 1115 Medicaid Demonstration Waiver Operated by**  
12 **University Health Care, Inc.:** It is the intent of the General Assembly for University  
13 Health Care, Inc. to continue to provide Medicaid managed care and pharmacy benefit  
14 management services for Jefferson County and the surrounding 15 counties included  
15 under the Partnership Section 1115 Medicaid Demonstration Waiver.

16 In accordance with the process set forth by the United States Centers for Medicare  
17 and Medicaid Services for renewal of the Partnership Section 1115 Demonstration  
18 Waiver operated by University Health Care, Inc., the Cabinet for Health and Family  
19 Services shall act to comply with these requirements for renewal. If the Secretary  
20 determines that the cabinet cannot attest to the budget neutrality required for renewal of  
21 the waiver, the Secretary shall report this decision and supporting rationale to the Interim  
22 Joint Committee on Appropriations and Revenue, or if during a legislative session to the  
23 House and Senate Committees on Appropriations and Revenue, no less than 120 days  
24 prior to the deadline for submission of the request for renewal.

25 **(26) Medicaid Pharmacy Efficiencies:** It is the intent of the General Assembly to  
26 improve and reform the management of the statewide pharmacy program offered to  
27 Medicaid recipients. As such, the General Assembly directs the Cabinet for Health and

Family Services to take necessary actions, including seeking federal approval, to establish programs or engage providers to assist with managing the statewide pharmacy program by increasing the use of generic drugs and by increasing accepted practices to eliminate excess prescriptions in order to deter Medicaid recipients from obtaining multiple prescriptions from different physicians for the same drug.

(27) Medicaid Savings Utilization: Any savings achieved through managed care or any other efficiencies achieved within the Medicaid Benefits budget unit shall not be utilized to increase or expand optional services, optional beneficiaries, or Medicaid reimbursement rates, unless the expansion of existing services by a managed care provider can be demonstrated to provide an overall cost savings and improved outcome.

(28) Medicaid Face-to-Face Interviews: By July 1, 2011, the Cabinet for Health and Family Services shall request a waiver from the Centers for Medicare and Medicaid Services to reinstate face-to-face interviews for determining eligibility for all new applicants and for the renewal of current beneficiaries for the Kentucky Children's Health Insurance Program. In addition, the Department for Medicaid Services shall continue face-to-face interviews for all new applicants and for the renewal of current Medicaid beneficiaries, excluding incapacitated or institutionalized Medicaid recipients who do not require an in-person update of current assets.

#### TOTAL - MEDICAID SERVICES

	2010-11	2011-12
General Fund	<u>976,607,500</u> [812,901,600]	<u>1,373,274,600</u> [1,471,195,700]
Restricted Funds	383,068,300	384,473,800
Federal Funds	<u>4,614,221,800</u> [4,425,736,700]	<u>4,285,394,400</u> [4,374,675,800]
TOTAL	<u>5,973,897,600</u> [5,621,706,600]	<u>6,043,142,800</u> [6,230,345,300]

#### 4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

	2010-11	2011-12
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1	General Fund (Tobacco)	900,000	900,000
2	General Fund	<u>183,018,800</u> <del>[183,670,800]</del>	<u>178,775,400</u> <del>[181,941,100]</del>
3	Restricted Funds	242,537,600	242,694,400
4	Federal Funds	40,349,800	37,843,800
5	TOTAL	<u>466,806,200</u> <del>[467,458,200]</del>	<u>460,213,600</u> <del>[463,379,300]</del>

6       **(1) Disproportionate Share Hospital Funds:** Mental health disproportionate  
7 share funds are budgeted at the maximum amounts permitted by Section 1923(f) of the  
8 Social Security Act. Upon publication in the Federal Register of the Annual Institutions  
9 for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of  
10 the federal IMD DSH limit goes to the state-operated mental hospitals.

11       **(2) Debt Service:** Included in the above General Fund appropriation is  
12 \$1,011,000 in fiscal year 2010-2011 and \$2,236,000 in fiscal year 2011-2012 for debt  
13 service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

14       **(3) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)  
15 appropriation is \$900,000 in each fiscal year for substance abuse prevention and  
16 treatment for pregnant women with a history of substance abuse problems.

17       **(4) Replacement of Eastern State Hospital:** The Commonwealth recognizes the  
18 statutory role of community mental health/mental retardation boards in providing mental  
19 health and mental retardation services across the Commonwealth. Notwithstanding any  
20 other provision of law to the contrary, the Secretary of the Cabinet for Health and Family  
21 Services shall solicit a proposal from the Bluegrass Regional Mental Health and Mental  
22 Retardation (MH/MR) Board, Inc. to operate a new Eastern State Facility constructed to  
23 replace the existing Eastern State Hospital facility.

24       Notwithstanding any other provision of law to the contrary, upon a finding by the  
25 Secretary that the proposal meets programmatic requirements for the anticipated  
26 population and its needs and upon a further finding that the financial provisions are  
27 satisfactory, the cabinet may enter into a contractual arrangement with Bluegrass

1 Regional MH/MR Board, Inc. to operate the facility without soliciting competing  
2 proposals.

3 **(5) Rental Payments:** If the new mental health facility to replace Eastern State  
4 Hospital as authorized in this Act is occupied by the Cabinet for Health and Family  
5 Services during the 2010-2012 fiscal biennium, all associated rental payments shall be  
6 deemed a necessary government expense and shall be paid from the General Fund  
7 Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS  
8 48.705), subject to the conditions and procedures provided in this Act.

9 **(6) Regional Mental Health/Mental Retardation Boards Retirement Cost**  
10 **Increase:** Included in the above General Fund appropriation is \$2,497,600 in fiscal year  
11 2010-2011 and \$3,837,800 in fiscal year 2011-2012 for Regional Mental Health/Mental  
12 Retardation Boards to assist them with the required increase of the employer contribution  
13 rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees  
14 Nonhazardous state retirement system. The Department for Medicaid Services shall  
15 recognize this new cost to the Regional Mental Health/Mental Retardation Boards in the  
16 reimbursement rates, and the Department for Behavioral Health, Developmental and  
17 Intellectual Disabilities shall utilize these funds to provide the required state match. If that  
18 effort is not successful by August 1, 2010, then the Commissioner of the Department for  
19 Behavioral Health, Developmental and Intellectual Disabilities shall distribute these  
20 funds directly to the Regional Mental Health/Mental Retardation Boards on a prorated  
21 basis by August 15, 2010, and by July 15, 2011.

22 **(7) Kentucky Prescription Assistance Program:** Included in the above General  
23 Fund appropriation is \$190,000 in fiscal year 2010-2011 and \$180,000 in fiscal year  
24 2011-2012 to support a program for those indigent persons receiving services through  
25 regional mental health/mental retardation boards to obtain free or reduced  
26 pharmaceuticals, including any pharmaceuticals needed for physical health to provide a  
27 continuum of care. The 14 regional mental health/mental retardation boards shall report

1 the number and types of prescriptions filled, the total cost and average cost per  
 2 prescription, and the number of recipients to the Interim Joint Committees on Health and  
 3 Welfare and Appropriations and Revenue by August 1 of each year.

4 **5. PUBLIC HEALTH**

	2010-11	2011-12
6 General Fund (Tobacco)	16,546,900	14,505,100
7 General Fund	<u>60,957,200</u> <del>[61,174,300]</del>	<u>60,245,700</u> <del>[61,312,500]</del>
8 Restricted Funds	116,297,100	116,455,000
9 Federal Funds	239,986,500	239,742,600
10 TOTAL	<u>433,787,700</u> <del>[434,004,800]</del>	<u>430,948,400</u> <del>[432,015,200]</del>

11 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)  
 12 appropriation is \$8,752,000 in fiscal year 2010-2011 and \$8,000,000 in fiscal year 2011-  
 13 2012 for the Health Access Nurturing Development Services Program, \$1,000,000 in  
 14 each fiscal year for Healthy Start initiatives, \$1,775,900 in fiscal year 2010-2011 and  
 15 \$800,000 in fiscal year 2011-2012 for Universal Children's Immunizations, \$200,000 in  
 16 each fiscal year for the Folic Acid Program, \$950,000 in each fiscal year for Early  
 17 Childhood Mental Health, \$310,500 in each fiscal year for Early Childhood Oral Health,  
 18 \$750,000 in fiscal year 2010-2011 and \$675,800 in fiscal year 2011-2012 for the  
 19 Kentucky Early Intervention Services First Steps Program, \$225,000 in fiscal year 2010-  
 20 2011 and \$200,000 in fiscal year 2011-2012 for the Reach Out and Read Program, and  
 21 \$2,583,500 in fiscal year 2010-2011 and \$2,368,800 in fiscal year 2011-2012 for  
 22 Smoking Cessation.

23 **(2) Local and District Health Department Payments:** The Department for  
 24 Public Health shall not impose a cap or other restriction on the number or amount of  
 25 services that a local or district health department may provide. The Department for Public  
 26 Health shall submit all requests for payment for services provided to the Department for  
 27 Medicaid Services that are submitted by a local or district health department.

1       **(4) Local and District Health Department Retirement Cost Increase:** Included  
 2 in the above General Fund appropriation is \$1,634,000 in fiscal year 2010-2011 and  
 3 \$2,380,500 in fiscal year 2011-2012 for Local and District Health Departments to assist  
 4 them with the required increase of the employer contribution rates, effective July 1, 2010,  
 5 and July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system. The  
 6 Department for Medicaid Services shall recognize this new cost to the Local and District  
 7 Health Departments in the reimbursement rates, and the Department for Public Health  
 8 shall utilize these funds to provide the required state match. If that effort is not successful  
 9 by August 1, 2010, then the Commissioner of Public Health shall distribute these funds  
 10 directly to the Local and District Health Departments on a prorated basis by August 15,  
 11 2010, and by July 15, 2011.

12       **6. HEALTH POLICY**

	2010-11	2011-12
14       General Fund	<u>494,800</u> [496,500]	<u>483,000</u> [491,500]
15       Restricted Funds	821,000	821,000
16       TOTAL	<u>1,315,800</u> [1,317,500]	<u>1,304,000</u> [1,312,500]

17       **7. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES**

	2010-11	2011-12
19       General Fund	<u>426,800</u> [428,300]	<u>416,700</u> [424,000]
20       Restricted Funds	95,000	95,000
21       Federal Funds	3,383,700	3,344,900
22       TOTAL	<u>3,905,500</u> [3,907,000]	<u>3,856,600</u> [3,863,900]

23       **8. INCOME SUPPORT**

	2010-11	2011-12
25       General Fund	<u>1,371,600</u> [1,376,400]	<u>1,338,900</u> [1,362,600]
26       Restricted Funds	19,734,100	19,925,900
27       Federal Funds	86,368,800	87,154,000

1 TOTAL 107,474,500~~[107,479,300]~~ 108,418,800~~[108,442,500]~~

2 **9. COMMUNITY BASED SERVICES**

	2010-11	2011-12
4 General Fund (Tobacco)	9,395,400	9,175,000
5 General Fund	<u>314,787,300</u> <del>[315,908,700]</del>	<u>307,307,800</u> <del>[312,749,600]</del>
6 Restricted Funds	137,870,700	139,060,200
7 Federal Funds	523,081,100	514,609,300
8 TOTAL	<u>985,134,500</u> <del>[986,255,900]</del>	<u>970,152,300</u> <del>[975,594,100]</del>

9 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)  
 10 appropriation is \$9,395,400 in fiscal year 2010-2011 and \$9,175,000 in fiscal year 2011-  
 11 2012 for the Early Childhood Development Program.

12 **(2) Kentucky Sexual Assault Prevention Programs Retirement Cost Increase:**  
 13 Included in the above General Fund appropriation is \$53,200 in fiscal year 2010-2011 and  
 14 \$81,900 in fiscal year 2011-2012 for Kentucky Sexual Assault Prevention Programs to  
 15 add to their base contract to assist them with the required increase of the employer  
 16 contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees  
 17 Nonhazardous state retirement system.

18 **(3) Kentucky Domestic Violence Association Program Retirement Cost**  
 19 **Increase:** Included in the above General Fund appropriation is \$226,400 in fiscal year  
 20 2010-2011 and \$348,000 in fiscal year 2011-2012 for Domestic Violence Centers to add  
 21 to their base contract to assist them with the required increase of the employer  
 22 contribution rates, effective July 1, 2010, and July 1, 2011, for the Kentucky Employees  
 23 Nonhazardous state retirement system.

24 **(4) Child Advocacy Centers Retirement Cost Increase:** Included in the above  
 25 General Fund appropriation is \$84,700 in fiscal year 2010-2011 and \$130,200 in fiscal  
 26 year 2011-2012 for Child Advocacy Centers to add to their base contract to assist them  
 27 with the required increase of the employer contribution rates, effective July 1, 2010, and



July 1, 2011, for the Kentucky Employees Nonhazardous state retirement system.

**(5) Family and Children's Place:** Included in the above General Fund appropriation is \$50,000 in each fiscal year to continue current services at the Family and Children's Place in Louisville, Kentucky.

**(6) Boni Bill Implementation:** Included in the above General Fund appropriation are funds for the continued implementation of the Boni Frederick Bill (2007 Ky. Acts ch. 140). The social workers employed by the Commonwealth of Kentucky face a challenging work environment, and children and citizens of the Commonwealth deserve an adequate response to allegations of adult or child abuse, neglect, or exploitation. This funding shall also include but not be limited to procuring adequate cellular phone communications to address safety issues of social workers in the areas served, and may include funds to ensure front-line social worker office and field safety needs.

The Finance and Administration Cabinet shall assist the Cabinet for Health and Family Services and the Department for Community Based Services in securing adequate cell phone coverage practicable to ensure worker safety.

## 10. AGING AND INDEPENDENT LIVING

	2010-11	2011-12
General Fund	<u>42,104,100</u> <del>[42,254,100]</del>	<u>41,076,400</u> <del>[41,803,700]</del>
Restricted Funds	2,254,900	2,254,900
Federal Funds	20,497,400	20,497,400
TOTAL	<u>64,856,400</u> <del>[65,006,400]</del>	<u>63,828,700</u> <del>[64,556,000]</del>

**(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2009-2010. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services

1 shall prescribe the procedures to certify the local match assurance.

2 **TOTAL - HEALTH AND FAMILY SERVICES CABINET**

3		2010-11	2011-12
4	General Fund (Tobacco)	27,192,300	24,930,100
5	General Fund	<u>1,619,117,600</u> <del>[1,457,700,200]</del>	<u>2,001,333,000</u> <del>[2,110,375,300]</del>
6	Restricted Funds	918,872,200	922,435,900
7	Federal Funds	<u>5,568,111,800</u> <del>[5,379,626,700]</del>	<u>5,230,351,700</u> <del>[5,319,633,100]</del>
8	TOTAL	<u>8,133,293,900</u> <del>[7,783,391,400]</del>	<u>8,179,050,700</u> <del>[8,377,374,400]</del>

9 **H. JUSTICE AND PUBLIC SAFETY CABINET**

10 **Budget Units**

11 **1. JUSTICE ADMINISTRATION**

12		2010-11	2011-12
13	General Fund (Tobacco)	1,923,400	1,923,400
14	General Fund	<u>11,312,600</u> <del>[11,352,900]</del>	<u>10,958,900</u> <del>[11,152,900]</del>
15	Restricted Funds	5,728,900	5,419,000
16	Federal Funds	17,235,600	11,505,500
17	TOTAL	<u>36,200,500</u> <del>[36,240,800]</del>	<u>29,806,800</u> <del>[30,000,800]</del>

18 **(1) Office of Drug Control Policy:** Included in the above Restricted Funds  
 19 appropriation is \$1,800,000 in fiscal year 2010-2011 and \$1,800,000 in fiscal year 2011-  
 20 2012 for regional Drug Courts in Kentucky's coal-producing counties.

21 **(2) Operation Unite:** Included in the above Restricted Funds appropriation is  
 22 \$2,000,000 in each fiscal year for Operation Unite.

23 **(3) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)  
 24 appropriation is \$1,923,400 in fiscal year 2010-2011 and \$1,923,400 in fiscal year 2011-  
 25 2012 for the Office of Drug Control Policy.

26 **(4) Public Safety Performance Project:** Included in the above General Fund  
 27 appropriation is \$200,000 in fiscal year 2010-2011 for the Pew Center on the States'

1 Public Safety Performance Project.

2 **2. CRIMINAL JUSTICE TRAINING**

3		2010-11	2011-12
4	Restricted Funds	50,316,400	50,829,200
5	Federal Funds	206,100	206,100
6	TOTAL	50,522,500	51,035,300

7 **(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the  
 8 above Restricted Funds appropriation is \$49,218,000 in fiscal year 2010-2011 and  
 9 \$49,723,300 in fiscal year 2011-2012 for the Kentucky Law Enforcement Foundation  
 10 Program Fund.

11 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in  
 12 the above Restricted Funds appropriation is \$3,100 in fiscal year 2010-2011 and \$3,100  
 13 in fiscal year 2011-2012 for each participant for training incentive payments.

14 **(3) Training Incentive Stipends - Justice and Public Safety Cabinet**  
 15 **Personnel:** Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2)  
 16 and (4), included in the above Restricted Funds appropriation is sufficient funding for a  
 17 \$3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State  
 18 Police arson investigators, Kentucky State Police hazardous devices investigators,  
 19 Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement  
 20 officers from the Kentucky Law Enforcement Foundation Program Fund.

21 **3. JUVENILE JUSTICE**

22		2010-11	2011-12
23	General Fund	<u>76,196,500</u> <del>[76,467,900]</del>	<u>75,137,400</u> <del>[76,467,900]</del>
24	Restricted Funds	14,635,400	14,686,700
25	Federal Funds	15,156,100	14,861,800
26	TOTAL	<u>105,988,000</u> <del>[106,259,400]</del>	<u>104,685,900</u> <del>[106,016,400]</del>

27 **(1) Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the

1 above General Fund appropriation is \$300,000 in each fiscal year of the biennium for the  
 2 support of the Mary Kendall Homes and \$300,000 in each fiscal year of the biennium for  
 3 the support of Gateway Juvenile Diversion.

4 **4. STATE POLICE**

	2010-11	2011-12
6 General Fund	<u>55,572,400</u> <del>[55,770,300]</del>	<u>64,365,600</u> <del>[65,505,300]</del>
7 Restricted Funds	20,031,500	21,016,000
8 Federal Funds	35,504,900	21,797,200
9 Road Fund	79,799,500	83,251,500
10 TOTAL	<u>190,908,300</u> <del>[191,106,200]</del>	<u>190,430,300</u> <del>[191,570,000]</del>

11 **(1) Call to Extraordinary Duty:** There is appropriated from the General Fund to  
 12 the Department of Kentucky State Police, subject to the conditions and procedures  
 13 provided in this Act, funds which are required as a result of the Governor's call of the  
 14 Kentucky State Police to extraordinary duty when an emergency situation has been  
 15 declared to exist by the Governor. Funding is authorized to be provided from the General  
 16 Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS  
 17 48.705).

18 **(2) State Police and Vehicle Enforcement Personnel Training Incentive:**  
 19 Included in the above Restricted Funds appropriation is sufficient funding for a \$3,100  
 20 annual training incentive stipend for state troopers, arson investigators, hazardous devices  
 21 investigators, legislative security specialists, and vehicle enforcement officers from the  
 22 Kentucky Law Enforcement Foundation Program Fund.

23 **(3) Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 160.151(1)(c),  
 24 189A.050(3)(a), and 237.110(18), funds are included in the above Restricted Funds  
 25 appropriation to maintain the operations and administration of the Kentucky State Police.

26 **(4) Dispatcher Training Incentive:** Included in the above General Fund  
 27 appropriation is sufficient funding for a \$3,100 annual training incentive stipend for

1 dispatchers.

2 **5. CORRECTIONS**

3 **a. Corrections Management**

4		2010-11	2011-12
5	General Fund	<u>8,575,200</u> <del>[8,605,700]</del>	<u>10,911,500</u> <del>[11,104,700]</del>
6	Restricted Funds	135,100	135,100
7	Federal Funds	275,000	75,000
8	TOTAL	<u>8,985,300</u> <del>[9,015,800]</del>	<u>11,121,600</u> <del>[11,314,800]</del>

9 (1) **Debt Service:** Included in the above General Fund appropriation is \$478,000  
 10 in fiscal year 2010-2011 and \$2,977,000 in fiscal year 2011-2012 for new debt service to  
 11 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

12 (2) **Appropriations Adjustments:** The General Assembly has determined that  
 13 the Department of Corrections shall be permitted to adjust appropriations between the  
 14 Community Services and Local Facilities budget unit and the Adult Correctional  
 15 Institutions budget unit in fiscal year 2010-2011 and in fiscal year 2011-2012. Only  
 16 adjustments necessary to manage the diverse mix of inmate classifications, custody  
 17 levels, probation and parole caseloads, and population increases or decreases shall be  
 18 permitted. Any appropriations transferred or otherwise directed between these  
 19 appropriation units shall be documented and justified in writing. No adjustments may be  
 20 made except upon the prior written concurrence of the State Budget Director. The State  
 21 Budget Director shall report the adjustments and the necessity of the adjustments to the  
 22 Interim Joint Committee on Appropriations and Revenue.

23 (3) **Jailer Mental Health Screening Training:** The Kentucky Commission on  
 24 Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse  
 25 Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan,  
 26 include in its duties recommendations for improvements in identifying, treating, housing,  
 27 and transporting prisoners in jails and juveniles in detention centers with mental illness.

1 Items to be reviewed shall include but not be limited to recommendations for statutory  
 2 and regulatory changes, training and treatment funding, cost sharing, housing and  
 3 transportation costs, appropriate treatment sites, and training requirements for local jailers  
 4 and other officers of the court who may come in contact with persons incarcerated or in  
 5 detention but deemed mentally ill.

6 The training shall continue to be delivered by Regional Mental Health/Mental  
 7 Retardation Board staff to new jailers and new jail staff, except administrative support, on  
 8 screening and responding to the needs of inmates with mental illness within six months of  
 9 employment. Treatment services may also be provided for within this funding allocation.

10 **(4) Non-Violent, Non-Sexual Class C and Class B Felons:** The Department of  
 11 Corrections shall assess the non-violent, non-sexual inmate population incarcerated for a  
 12 Class C or Class B felony, and develop recommendations for actions or programs that  
 13 may be implemented to reduce the time of incarceration for these inmates and assist them  
 14 with reentering the community. A report shall be submitted to the House and Senate  
 15 Appropriations and Revenue Committees and the House and Senate Judiciary  
 16 Committees by January 15, 2011, specifying the Department's findings and  
 17 recommendations.

18 **(5) Public Safety First Programs:** Included in the above General Fund  
 19 appropriation is \$515,000 in fiscal year 2010-2011 for the Public Safety First Programs,  
 20 including the Victim Information and Notification Everyday (VINE) Protective Order and  
 21 the VINE Court Victim Notification Program.

22 **b. Adult Correctional Institutions**

	2010-11	2011-12
24 General Fund	<u>258,478,200</u> [259,399,000]	<u>268,558,100</u> [273,313,700]
25 Restricted Funds	19,706,400	19,988,900
26 Federal Funds	18,463,600	2,253,700
27 TOTAL	<u>296,648,200</u> [297,569,000]	<u>290,800,700</u> [295,556,300]

1       **(1) Time Credit for Program Completion:** Notwithstanding KRS 197.045(1),  
2 the Department of Corrections shall provide an educational good time credit of 90 days to  
3 any prisoner who successfully receives a graduate equivalency diploma or a high school  
4 diploma, a two or four year certification in applied sciences, or a technical education  
5 diploma as provided and defined by the department, or completes a drug treatment  
6 program or other treatment program as defined by the department that requires  
7 participation in the program of six months or more.

8       **(2) Meritorious Credit:** Notwithstanding KRS 197.045(3), an inmate may, at the  
9 discretion of the Commissioner of the Department of Corrections, be allowed a deduction  
10 from a sentence not to exceed seven days per month for meritorious behavior, and may be  
11 allowed an additional deduction up to seven days per month for acts of exceptional  
12 service during times of emergency or for performing duties of outstanding importance in  
13 connection with institutional operations and programs.

14       **(3) Corrections Education:** Included in the above General Fund appropriation is  
15 \$5,348,100 in fiscal year 2010-2011 and \$5,348,100 in fiscal year 2011-2012 for  
16 education programs at the Department of Corrections facilities that had previously been  
17 provided for in the Kentucky Community and Technical College System (KCTCS)  
18 budget. The faculty and staff funded by this amount and employed by KCTCS to provide  
19 educational services and support to inmates shall be transferred to the Department of  
20 Corrections beginning in fiscal year 2010-2011.

21       **(4) Canteen Fund Proceeds:** The Department of Corrections shall file  
22 semiannual reports with the Interim Joint Committee on Appropriations and Revenue  
23 detailing the revenues and expenditures from the Canteen Fund for each state-operated  
24 prison, private prison, and the central office of the department. The first report shall be  
25 due August 1, 2010, and shall provide financial information for the period of January 1,  
26 2010, through June 30, 2010. Thereafter, reports shall be filed every six months from the  
27 August 1, 2010, date.

1       **(5) Expungement of Dismissed Inmate Disciplinary Reports at Department**  
 2 **of Corrections Institutions:** The warden of each Department of Corrections institution  
 3 shall expunge inmate prison disciplinary reports that have been dismissed or otherwise  
 4 ordered void, and shall further remove any reference to dismissed or voided disciplinary  
 5 reports from inmate records.

6       **(6) Correctional Facilities Plan:** (a) The Department of Corrections shall  
 7 develop a plan that projects the Commonwealth's need for correctional facilities on an  
 8 annual basis starting with fiscal year 2011-2012 and ending with fiscal year 2021-2022.  
 9 The plan shall consider and assess all appropriate factors including:

10       1. Current condition and capacity of existing state prisons, private prisons  
 11 utilized by the state, and county jails;

12       2. Current and projected number and classification of state inmates;

13       3. The potential for using community corrections programs to minimize the use  
 14 of prison beds; and

15       4. Demographic trends in the Commonwealth that may impact crime and  
 16 incarceration rates.

17       (b) The plan shall make recommendations concerning future correctional facility  
 18 modifications based on a cost/benefit analysis for each proposed action that shall include:

19       1. Renovation or expansion of existing facilities;

20       2. Closing or reducing the capacity of older facilities in the system;

21       3. Constructing new facilities;

22       4. Increased or decreased use of county jails, and the resulting financial impact  
 23 on county fiscal courts and the Commonwealth;

24       5. Increased or decreased use of private prisons; and

25       6. The use of community corrections programs, electronic and global positioning  
 26 monitoring equipment, and halfway houses.

27       (c) The plan shall be submitted to the Legislative Research Commission for



referral to the appropriate committees by December 31, 2010.

**(7) Place of Imprisonment for Class D Felons:** A Class D felon with a sentence of more than five years who has less than five years remaining to be served, has been convicted of a non-violent or non-sexual offense, and is not classified by the Department of Corrections as community custody, may serve the remainder of his or her term in a county jail in a county in which the fiscal court has agreed to house state prisoners.

**(8) Transfer to State Institutions:** Notwithstanding KRS 532.100(7), state prisoners, excluding the Class C and Class D felons, qualifying to serve time in county jails, may be transferred to a state institution within 90 days of final sentencing, if the county jail does not object to the additional 45 days.

**(9) Insurance Proceeds:** All funds received by the Commonwealth as a result of the damages caused by the inmate disturbance at Northpoint Training Center on August 21, 2009, shall be deposited to the General Fund.

**c. Community Services and Local Facilities**

	2010-11	2011-12
General Fund	<u>143,908,400</u> [144,421,000]	<u>138,474,400</u> [140,926,500]
Restricted Funds	3,557,500	3,557,500
Federal Funds	264,200	264,200
TOTAL	<u>147,730,100</u> [148,242,700]	<u>142,296,100</u> [144,748,200]

**(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2010-2011 and fiscal year 2011-2012, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

1       **(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the  
2 amount of \$2,427,500 in fiscal year 2010-2011 and \$2,427,500 in fiscal year 2011-2012  
3 shall be expended from the Kentucky Local Correctional Facilities Construction  
4 Authority for local correctional facility and operational support consistent with  
5 contractual covenants in accordance with bond indentures of the Authority.

6       **(3) Conditional Parole for Substance Abuse and Other Programs:**  
7 Notwithstanding KRS 439.340(3)(b), when the Parole Board recommends parole upon  
8 completion of a program, the Commissioner of the Department of Corrections or his or  
9 her designee, shall determine the most appropriate placement in a program either operated  
10 by the Department of Corrections or a program within the community approved by the  
11 Department of Corrections. The Parole Board shall grant parole with the condition that  
12 the parolee complete the program in the community if the Department of Corrections  
13 determines that participation in the program in the community is appropriate.

14       **(4) Intermediate Sanctions for Technical Parole Violators:** Notwithstanding  
15 KRS 439.430, if a person released to supervision under KRS Chapter 439 signs a  
16 statement admitting a violation of the terms of his or her supervision, the Parole Officer  
17 may as a sanction for the violation confine the person in a county jail for not more than  
18 ten days consecutively, and not more than 30 days within a 365 day period. The  
19 Department of Corrections shall reimburse the county for the costs of incarcerating a  
20 person under this subsection. A person is not eligible to earn good time credit on any  
21 period of confinement under this subsection.

22       **(5) Parole Deferrals:** Notwithstanding KRS 439.340(3)(b), if the parole board  
23 does not grant parole, the maximum deferment or serve-out for an offender convicted of a  
24 non-violent, non-sexual Class C or Class D felony shall be 24 months. No deferment or  
25 serve-out shall exceed ten years following the offender's initial eligibility date, except for  
26 life sentences. No deferment or serve-out greater than five years shall be ordered unless  
27 by a vote of the full board.

1       **(6) Home Incarceration:** Notwithstanding KRS 532.260(1)(b), any person  
2 convicted of a non-violent, non-sexual Class C or Class D felony who is serving a  
3 sentence in a state-operated prison, contract facility, or county jail may, at the discretion  
4 of the Commissioner of the Department of Corrections, be eligible to serve his or her  
5 sentence outside the walls of the detention facility under the terms of home incarceration  
6 using an approved monitoring device as defined in KRS 532.200, if the felon has 180  
7 days or less to serve on his or her sentence or, at the discretion of the Commissioner and  
8 the approval by the Secretary of the Justice and Public Safety Cabinet, if the felon has  
9 more than 180 days to serve on his or her sentence. Any person serving a sentence on  
10 home incarceration may, at the discretion of the Commissioner of the Department of  
11 Corrections, be allowed to leave his or her premises for gainful employment, and a  
12 reasonable and appropriate amount of the wages earned each pay period shall be used to  
13 pay restitution or child support as required by the court.

14       **(7) Administration of Home Incarceration:** The Department of Corrections  
15 may enter into agreements with private vendors, county jails, or other competent  
16 providers to administer and monitor offenders placed under home incarceration.

17       The Department of Corrections shall ensure that the appropriate staff members have  
18 up-to-date information concerning the latest global positioning systems technology and  
19 other relevant technology available for monitoring prisoners placed in home  
20 incarceration.

21       The Department shall review the file of each inmate eligible for home incarceration  
22 that is within 200 days of release, and ascertain if that inmate is a reasonable candidate  
23 for home incarceration with the use of electronic monitoring or global positioning system  
24 monitoring during the last 180 days of his or her sentence.

25       The Department shall submit an annual report to the Interim Joint Committee on  
26 Appropriations and Revenue and the Interim Joint Committee on Judiciary specifying the  
27 number of offenders placed on home incarceration, the number of days each person was

1 incarcerated at home, and the number of persons that did not complete the home  
 2 incarceration period successfully. The reports shall be submitted by July 30, 2011, and by  
 3 July 30, 2012.

4 **(8) Probation and Parole Officers:** Included in the above General Fund  
 5 appropriation is \$3,000,000 in fiscal year 2011-2012 for hiring and equipping 50  
 6 additional probation and parole officers.

7 **(9) Community Corrections:** Included in the above General Fund appropriation  
 8 is \$2,000,000 in fiscal year 2011-2012 for community corrections services to assist  
 9 parolees in successfully reentering the community.

10 **d. Local Jail Support**

	<b>2010-11</b>	<b>2011-12</b>
11		
12	General Fund	<u>14,270,700</u> [14,321,500] <u>14,072,400</u> [14,321,500]

13 **(1) Inmate Medical Care Expenses:** Included in the above General Fund  
 14 appropriation is \$931,100 in fiscal year 2010-2011 and \$931,100 in fiscal year 2011-2012  
 15 for medical care contracts to be distributed, upon approval of the Department of  
 16 Corrections, to counties by the formula codified in KRS 441.206, and \$295,900 in fiscal  
 17 year 2010-2011 and \$295,900 in fiscal year 2011-2012, on a partial reimbursement basis,  
 18 for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The  
 19 funding support for medical contracts and catastrophic medical expenses for indigents  
 20 shall be maintained in discrete accounts. Any medical claim which exceeds the statutory  
 21 threshold may be reimbursed for that amount in excess of the statutory threshold. In no  
 22 event shall this apply to expenses of an elective, as opposed to emergency, basis, and  
 23 expenses shall be paid according to the Kentucky Medical Assistance Schedule.

24 **(2) Life Safety or Closed Jails:** Included in the above General Fund  
 25 appropriation is \$960,000 in each fiscal year of the biennium to provide a monthly  
 26 payment of an annual amount of \$20,000 to each county with a life safety jail or a closed  
 27 jail. The payment shall be in addition to the monthly payment required by KRS

1 441.206(2).

2 **TOTAL - CORRECTIONS**

3		2010-11	2011-12
4	General Fund	<u>425,232,500</u> [426,747,200]	<u>432,016,400</u> [439,666,400]
5	Restricted Funds	23,399,000	23,681,500
6	Federal Funds	19,002,800	2,592,900
7	TOTAL	<u>467,634,300</u> [469,149,000]	<u>458,290,800</u> [465,940,800]

8 **6. PUBLIC ADVOCACY**

9		2010-11	2011-12
10	General Fund	<u>37,437,900</u> [37,571,200]	<u>36,548,300</u> [37,195,500]
11	Restricted Funds	4,020,000	4,044,000
12	Federal Funds	2,196,000	1,798,500
13	TOTAL	<u>43,653,900</u> [43,787,200]	<u>42,390,800</u> [43,038,000]

14 **(1) Compensatory Leave Conversion to Sick Leave:** If the Department of  
 15 Public Advocacy determines that internal budgetary pressures warrant further austerity  
 16 measures, the Public Advocate may institute a policy to suspend payment of 50 hour  
 17 blocks of compensatory time for those attorneys who have accumulated 240 hours of  
 18 compensatory time and instead convert those hours to sick leave.

19 **TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

20		2010-11	2011-12
21	General Fund (Tobacco)	1,923,400	1,923,400
22	General Fund	<u>605,751,900</u> [607,909,500]	<u>619,026,600</u> [629,988,000]
23	Restricted Funds	118,131,200	119,676,400
24	Federal Funds	89,301,500	52,762,000
25	Road Fund	79,799,500	83,251,500
26	TOTAL	<u>894,907,500</u> [897,065,100]	<u>876,639,900</u> [887,601,300]

27 **I. LABOR CABINET**

1    **Budget Units**

2    **1.    SECRETARY**

3		<b>2010-11</b>	<b>2011-12</b>
4	Restricted Funds	4,288,000	4,290,200
5	Federal Funds	98,200	98,200
6	TOTAL	4,386,200	4,388,400

7    **2.    GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

8		<b>2010-11</b>	<b>2011-12</b>
9	General Fund	<u>3,054,600</u> <del>[3,065,400]</del>	<u>2,981,900</u> <del>[3,034,700]</del>
10	Restricted Funds	2,522,000	2,734,100
11	Federal Funds	68,700	68,700
12	TOTAL	<u>5,645,300</u> <del>[5,656,100]</del>	<u>5,784,700</u> <del>[5,837,500]</del>

13   **3.    WORKPLACE STANDARDS**

14		<b>2010-11</b>	<b>2011-12</b>
15	General Fund	<u>1,806,700</u> <del>[1,813,100]</del>	<u>1,763,800</u> <del>[1,795,000]</del>
16	Restricted Funds	77,143,400	77,450,400
17	Federal Funds	3,106,700	3,080,000
18	TOTAL	<u>82,056,800</u> <del>[82,063,200]</del>	<u>82,294,200</u> <del>[82,325,400]</del>

19   **4.    WORKERS' CLAIMS**

20		<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds	15,229,700	15,670,600

22   **5.    OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

23		<b>2010-11</b>	<b>2011-12</b>
24	Restricted Funds	519,800	530,800

25   **6.    WORKERS' COMPENSATION FUNDING COMMISSION**

26		<b>2010-11</b>	<b>2011-12</b>
27	Restricted Funds	106,134,700	107,315,700

(1) **Commission Funding:** Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2010-2011 and fiscal year 2011-2012.

(2) **Mine Safety Funding:** Notwithstanding KRS 342.1242, \$952,000 in each fiscal year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support mine safety compliance, education, and training in the Office of Mine Safety and Licensing.

#### **TOTAL - LABOR CABINET**

	2010-11	2011-12
General Fund	<u>4,861,300</u> <del>[4,878,500]</del>	<u>4,745,700</u> <del>[4,829,700]</del>
Restricted Funds	205,837,600	207,991,800
Federal Funds	3,273,600	3,246,900
TOTAL	<u>213,972,500</u> <del>[213,989,700]</del>	<u>215,984,400</u> <del>[216,068,400]</del>

#### **J. PERSONNEL CABINET**

##### **Budget Units**

##### **1. GENERAL OPERATIONS**

	2010-11	2011-12
General Fund	<u>2,868,800</u> <del>[2,879,000]</del>	<u>2,829,000</u> <del>[2,879,000]</del>
Restricted Funds	20,806,500	20,293,400
TOTAL	<u>23,675,300</u> <del>[23,685,500]</del>	<u>23,122,400</u> <del>[23,172,400]</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,879,000 in fiscal year 2010-2011 and \$2,879,000 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act. The Personnel Cabinet shall collect a pro rata assessment from all state agencies and other organizations that are supported by the new personnel and payroll system being developed. Those collections shall be deposited and retained in a separate Special Project Account within the Personnel Cabinet unless otherwise directed by this Act.

**2. PUBLIC EMPLOYEES DEFERRED COMPENSATION**

**AUTHORITY**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	8,574,500	8,988,300

**3. WORKERS' COMPENSATION BENEFITS AND RESERVE**

	<b>2010-11</b>	<b>2011-12</b>
Restricted Funds	25,367,100	27,364,400

**4. STATE SALARY AND COMPENSATION FUND**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	35,000,000	<u>56,990,800</u> <del>[58,000,000]</del>

**(1) Retirement Employer Contributions:** The above General Fund appropriation provides a pool of funds to be allocated and distributed to employers of members of the Kentucky Employees Retirement System in hazardous and nonhazardous positions and employers of members of the State Police Retirement System to provide the General Fund portion of the increased employer contribution rates in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

**(2) Health Insurance Increased Costs:** The above General Fund appropriation provides a pool of funds to be allocated to Executive Branch agencies that participate in the Public Employees Self-Insured Health Insurance Program to provide the General Fund portion of the increased cost of health insurance in accordance with the procedures contained in Part IV, State Salary/Compensation, Benefit, and Employment Policy, of this Act.

**5. STATE GROUP HEALTH INSURANCE FUND**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	1,740,900	<u>1,710,700</u> <del>[1,740,900]</del>

**(1) Group Health Insurance:** The above General Fund appropriation is provided



to support a dependent subsidy for full-time employees of quasi-governmental employers, excluding state agencies, participating in the State Group Health Insurance program. To participate in this fund, each quasi-governmental employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees.

#### **TOTAL - PERSONNEL CABINET**

	2010-11	2011-12
General Fund	<u>39,609,700</u> <del>[39,619,900]</del>	<u>61,530,500</u> <del>[62,619,900]</del>
Restricted Funds	54,748,100	56,646,100
TOTAL	<u>94,357,800</u> <del>[94,368,000]</del>	<u>118,176,600</u> <del>[119,266,000]</del>

#### **K. POSTSECONDARY EDUCATION**

##### **Budget Units**

##### **1. COUNCIL ON POSTSECONDARY EDUCATION**

	2010-11	2011-12
General Fund (Tobacco)	5,167,100	4,737,600
General Fund	<u>51,492,500</u> <del>[51,675,900]</del>	<u>47,781,600</u> <del>[48,627,700]</del>
Restricted Funds	8,600,700	8,618,200
Federal Funds	17,352,000	18,352,000
TOTAL	<u>82,612,300</u> <del>[82,795,700]</del>	<u>79,489,400</u> <del>[80,335,500]</del>

**(1) Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2009-2010 and fiscal year 2010-2011 to the Adult Education and Literacy Funding Program shall not lapse and shall carry forward.

Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2009-2010 and fiscal year 2010-2011 to the Science and Technology Funding Program shall not lapse and shall carry forward.

##### **(2) Interest Earnings Transfer from the Strategic Investment and Incentive**

1 **Trust Fund Accounts:** Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917,  
2 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the  
3 Strategic Investment and Incentive Trust Fund accounts in excess of appropriated  
4 amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

5 (3) **Ovarian Cancer:** Notwithstanding KRS 164.476(1), General Fund (Tobacco)  
6 moneys in the amount of \$775,000 in each fiscal year shall be allotted from the Lung  
7 Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the  
8 University of Kentucky.

9 (4) **Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in  
10 order to lower the cost of borrowing, any university that has issued or caused to be issued  
11 debt obligations through a not-for-profit corporation or a municipality or county  
12 government for which the rental or use payments of the university substantially meet the  
13 debt service requirements of those debt obligations is authorized to refinance those debt  
14 obligations if the principal amount of the debt obligations is not increased and the rental  
15 payments of the university are not increased. Any funds used by a university to meet debt  
16 obligations issued by a university pursuant to this subsection shall be subject to  
17 interception of state-appropriated funds pursuant to KRS 164A.608.

18 (5) **Washington, D.C. Internship Program:** Included in the above General Fund  
19 appropriation is \$86,700 in fiscal year 2010-2011 and \$85,800 in fiscal year 2011-2012  
20 for scholarships to the Washington Center for Internships and Academic Seminars.

21 (6) **Adult Education:** Included in the above General Fund appropriation is  
22 \$22,246,200 in fiscal year 2010-2011 and \$22,023,800 in fiscal year 2011-2012 for the  
23 Kentucky Adult Education Funding Program.

24 (7) **Contract Spaces:** Included in the above General Fund appropriation is  
25 \$4,713,300 in fiscal year 2010-2011 and \$4,886,700 in fiscal year 2011-2012 for the  
26 Contract Spaces Program.

27 (8) **Veterinary Medicine:** If sufficient General Fund is not provided to fully fund

1 164 veterinary slots, the Council on Postsecondary Education shall fully fund the 164  
2 slots out of the Council's base budget.

3 **(9) Optometry Slots:** If sufficient General Fund is not provided to fully fund 44  
4 optometry slots, the Council on Postsecondary Education shall fully fund the 44 slots out  
5 of the Council's base budget.

6 **2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

7	2010-11	2011-12
8 General Fund (Tobacco)	1,000,000	1,000,000
9 General Fund	189,937,000	190,517,100
10 Restricted Funds	22,338,600	25,621,500
11 Federal Funds	2,470,600	2,477,300
12 TOTAL	215,746,200	219,615,900

13 **(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in  
14 the above General Fund appropriation is \$59,358,000 in fiscal year 2010-2011 and  
15 \$58,764,400 in fiscal year 2011-2012 for the College Access Program.

16 **(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4),  
17 included in the above General Fund appropriation is \$31,989,000 in fiscal year 2010-  
18 2011 and \$31,669,100 in fiscal year 2011-2012 for the Kentucky Tuition Grant Program.

19 **(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4),  
20 included in the above General Fund appropriation is \$1,750,400 in fiscal year 2010-2011  
21 and \$1,732,800 in fiscal year 2011-2012 for the Teacher Scholarship Program.

22 **(4) Kentucky National Guard Tuition Assistance Program:** Notwithstanding  
23 KRS 154A.130(4), included in the above General Fund appropriation is \$4,947,600 in  
24 fiscal year 2010-2011 and \$4,898,100 in fiscal year 2011-2012 for the National Guard  
25 Tuition Assistance Program.

26 **(5) Kentucky Education Excellence Scholarships (KEES):** Included in the  
27 above General Fund appropriation is \$89,979,700 in fiscal year 2010-2011 and

\$91,579,900 in fiscal year 2011-2012 for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is \$1,899,500 in fiscal year 2010-2011 and \$2,307,600 in fiscal year 2011-2012 for KEES.

**(6) Work Study:** Included in the above General Fund appropriation is \$837,200 in fiscal year 2010-2011 and \$828,800 in fiscal year 2011-2012 for the Work Study Program.

**(7) Excess Lottery Revenues:** Lottery revenues transferred to the Kentucky Higher Education Assistance Authority in excess of the sum of the General Fund amounts set forth in subsections (1), (2), (3), (4), and (5) of this section shall be allocated in accordance with KRS 154A.130(4)(b) and Part III, 28., of this Act. If the amount allocated to the KEES program exceeds the amount needed to fully fund KEES at the statutory individual award amounts, all excess funds shall be transferred to the KEES Reserve Trust Fund.

**(8) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$187,202,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

### 3. EASTERN KENTUCKY UNIVERSITY

	2010-11	2011-12
General Fund	<u>70,262,600</u> <del>[68,864,600]</del>	<u>70,823,000</u> <del>[72,221,000]</del>
Restricted Funds	143,921,700	147,939,800
Federal Funds	78,281,700	77,905,600
TOTAL	<u>292,466,000</u> <del>[291,068,000]</del>	<u>296,668,400</u> <del>[298,066,400]</del>

**(1) Community Operations Board:** Included in the above General Fund appropriation is \$200,000 in fiscal year 2010-2011 and \$200,000 in fiscal year 2011-2012 to provide funds to the Community Operations Board for personnel and programmatic operations of the conferencing, meeting, and community areas, and the performing arts

center located in Business/Technology Center, Phase II. The Business/Technology Center, Phase II shall be governed by the Community Operations Board. Members of the board shall serve without compensation and shall not be reimbursed for expenses incurred in performance of their duties. The board shall establish policies and procedures for board operations and for facility use. The board shall make all decisions regarding use of the Business/Technology Center, Phase II including the conferencing and community areas and the performing arts center and shall make all decisions regarding personnel and programmatic operations of the conferencing and community areas and the performing arts center. The board is attached to Eastern Kentucky University for administrative purposes, and the university shall provide all facility maintenance and operations costs.

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$69,590,700 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### 4. KENTUCKY STATE UNIVERSITY

	2010-11	2011-12
General Fund	<u>25,368,300</u> <del>[24,881,500]</del>	<u>24,660,000</u> <del>[25,146,800]</del>
Restricted Funds	25,586,600	26,816,800
Federal Funds	20,085,000	18,405,600
TOTAL	<u>71,039,900</u> <del>[70,553,100]</del>	<u>69,882,400</u> <del>[70,369,200]</del>

**(1) Debt Service:** Included in the above General Fund appropriation is \$960,100 in fiscal year 2010-2011 for debt service for previously issued bonds.

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$24,231,000 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### 5. MOREHEAD STATE UNIVERSITY

	2010-11	2011-12
General Fund	<u>43,609,300</u> <del>[42,761,100]</del>	<u>43,514,800</u> <del>[44,363,000]</del>
Restricted Funds	82,494,900	87,081,600
Federal Funds	78,164,800	77,383,400
TOTAL	<u>204,269,000</u> <del>[203,420,800]</del>	<u>207,979,800</u> <del>[208,828,000]</del>

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,039,600 in fiscal year 2010-2011 and \$542,100 in fiscal year 2011-2012 for debt service for previously issued bonds.

(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$42,757,700 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.

#### 6. MURRAY STATE UNIVERSITY

	2010-11	2011-12
General Fund	<u>49,912,700</u> <del>[48,919,900]</del>	<u>50,295,400</u> <del>[51,288,200]</del>
Restricted Funds	95,280,700	102,592,100
Federal Funds	18,728,400	15,642,800
TOTAL	<u>163,921,800</u> <del>[162,929,000]</del>	<u>168,530,300</u> <del>[169,523,100]</del>

(1) **Breathitt Veterinary Center:** Included in the above General Fund appropriation is \$392,000 in fiscal year 2010-2011 and \$392,000 in fiscal year 2011-2012 for the Breathitt Veterinary Center at Murray State University. The funds provided in this subsection are in addition to existing appropriations for the center contained in Murray State University's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$49,420,300 on January 30, 2012, unless future

action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.

**7. NORTHERN KENTUCKY UNIVERSITY**

	2010-11	2011-12
General Fund	<u>51,269,700</u> [50,301,100]	<u>49,744,400</u> [50,713,000]
Restricted Funds	164,928,500	174,298,700
Federal Funds	20,099,200	17,111,300
TOTAL	<u>236,297,400</u> [235,328,800]	<u>241,154,400</u> [242,123,000]

(1) **Debt Service:** Included in the above General Fund appropriation is \$2,746,000 in fiscal year 2010-2011 and \$675,500 in fiscal year 2011-2012 for debt service for previously issued bonds.

(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$48,878,900 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.

**8. UNIVERSITY OF KENTUCKY**

	2010-11	2011-12
General Fund (Tobacco)	250,000	250,000
General Fund	<u>296,283,800</u> [290,414,700]	<u>297,330,100</u> [303,199,200]
Restricted Funds	1,924,530,000	1,997,699,000
Federal Funds	231,618,800	214,395,200
TOTAL	<u>2,452,682,600</u> [2,446,813,500]	<u>2,509,674,300</u> [2,515,543,400]

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,370,600 in fiscal year 2010-2011 for debt service for previously issued bonds for the University of Kentucky and for Lexington Community College.

(2) **Mining Engineering Scholarship Program:** Notwithstanding KRS 45.4592, included in the above General Fund appropriation is \$300,000 in each fiscal year from the

Local Government Economic Development Fund for mining engineering scholarships.

**(3) Robinson Scholars Program:** Notwithstanding KRS 45.4592, included in the above General Fund appropriation is \$1,000,000 in fiscal year 2010-2011 and \$1,000,000 in fiscal year 2011-2012 from the Local Government Economic Development Fund for the Robinson Scholars Program.

**(4) University of Kentucky Diagnostic Laboratories:** Included in the above General Fund appropriation is \$392,000 in fiscal year 2010-2011 and \$392,000 in fiscal year 2011-2012 for the diagnostic laboratories at the University of Kentucky. The funds provided in this subsection are in addition to existing appropriations for the laboratories contained in the University of Kentucky's General Fund-supported operating budget. Notwithstanding KRS 48.130 and 48.600 and Part VI of this Act, the appropriation set forth in this subsection shall not be reduced.

**(5) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$292,156,600 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

## 9. UNIVERSITY OF LOUISVILLE

	2010-11	2011-12
General Fund	<u>172,557,800</u> <del>[169,637,800]</del>	<u>174,795,600</u> <del>[177,715,600]</del>
Restricted Funds	662,096,300	680,791,600
Federal Funds	134,458,800	124,381,800
TOTAL	<u>969,112,900</u> <del>[966,192,900]</del>	<u>979,969,000</u> <del>[982,889,000]</del>

**(1) Debt Service:** Included in the above General Fund appropriation is \$7,423,800 in fiscal year 2010-2011 and \$7,147,600 in fiscal year 2011-2012 for debt service for previously issued bonds.

**(2) Quality and Charity Care Trust Agreement:** Included in the above General Fund appropriation is \$19,918,100 in fiscal year 2010-2011 and \$19,718,900 in fiscal



year 2011-2012 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished via the Quality and Charity Care Trust Agreement.

Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality and Charity Trust Agreement in fiscal year 2010-2011 shall not lapse but shall carry forward.

**(3) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$171,754,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### 10. WESTERN KENTUCKY UNIVERSITY

	2010-11	2011-12
General Fund	<u>75,795,600</u> [74,297,800]	<u>75,879,500</u> [77,377,300]
Restricted Funds	233,637,900	242,421,200
Federal Funds	48,161,900	45,472,800
TOTAL	<u>357,595,400</u> [356,097,600]	<u>363,773,500</u> [365,271,300]

(1) **Debt Service:** Included in the above General Fund appropriation is \$549,800 in fiscal year 2010-2011 for debt service for previously issued bonds.

**(2) Appropriation Reduction: The above General Fund appropriation for fiscal year 2011-2012 shall be reduced to \$74,559,200 on January 30, 2012, unless future action is taken by the General Assembly based on the final managed care savings report required by Part III, 48. of this Act.**

#### 11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

	2010-11	2011-12
General Fund	<u>199,156,700</u> [195,194,200]	<u>200,744,200</u> [204,706,700]
Restricted Funds	345,583,100	365,098,500
Federal Funds	204,404,900	213,068,200
TOTAL	<u>749,144,700</u> [745,182,200]	<u>778,910,900</u> [782,873,400]

1       **(1) Firefighters Foundation Program Fund:** Included in the above Restricted  
2 Funds appropriation is \$30,433,400 in fiscal year 2010-2011 and \$31,283,500 in fiscal  
3 year 2011-2012 for the Firefighters Foundation Program Fund. Notwithstanding KRS  
4 95A.250(1), supplemental payments for each qualified professional firefighter under the  
5 Firefighters Foundation Program Fund shall be \$3,100 in fiscal year 2010-2011 and  
6 \$3,100 in fiscal year 2011-2012.

7       **(2) Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3),  
8 \$500,000 in Restricted Funds is provided in each fiscal year of the 2010-2012 fiscal  
9 biennium for the Firefighters Training Center Fund.

10       **(3) Corrections Education:** The funding for education programs at the  
11 Department of Corrections facilities, totaling \$5,348,100 in each fiscal year, is located in  
12 the Adult Correctional Institutions budget unit. The faculty and staff employed by  
13 Kentucky Community and Technical College System to provide educational services and  
14 support to inmates shall be transferred to the Department of Corrections at the beginning  
15 of fiscal year 2010-2011.

16       **(4) Conveyance of Property:** (a) Notwithstanding KRS Chapter 45A, 45.777,  
17 and 164A.575(7), the Kentucky Community and Technical College System may convey  
18 to the Hopkins County Board of Education fee simple title to certain of its real property  
19 and improvements at the Madisonville Community College Technical Campus that have  
20 become surplus to Madisonville Community College with the completion of construction  
21 of the new Energy and Advanced Technology Center facility on the main campus of the  
22 college. The conveyance shall be completed at a price that is acceptable to both parties.  
23 Madisonville Community College shall use the proceeds from the conveyance of the real  
24 property for scholarships to students attending Madisonville Community College.

25       (b) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky  
26 Community and Technical College System may convey to Northern Kentucky University  
27 fee simple title to certain of its real property and improvements located in Campbell

1 County that have become surplus to Gateway Community and Technical College with the  
2 creation of the new Boone Campus of Gateway Community and Technical College. The  
3 conveyance shall be completed at a price that is acceptable to both parties. Gateway  
4 Community and Technical College shall use the proceeds from the conveyance of the real  
5 property to support a capital project for Gateway Community and Technical College.

6 (c) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575(7), the Kentucky  
7 Community and Technical College System may dispose of certain real property and  
8 improvements located in Covington, Kentucky that will become surplus to Gateway  
9 Community and Technical College with the completion of the Advanced Manufacturing  
10 Technology Facility at the Boone County Campus. Gateway Community and Technical  
11 College shall use all proceeds and interest from the disposition of the real property to  
12 support a capital project for Gateway Community and Technical College in the city limits  
13 of Covington, Kentucky.

14 (d) Notwithstanding KRS Chapter 45A, 45.777, and 164A.575, the Tourism, Arts  
15 and Heritage Cabinet's Department of Parks shall convey to the Kentucky Community  
16 and Technical College System (KCTCS) fee simple title to certain of its real property and  
17 improvements currently operating at General Butler State Resort Park in Carrollton,  
18 Kentucky. This property is deemed to be surplus to the needs of the Cabinet upon the  
19 cancellation of a lease between the Department of Parks and Cardinal Hill Hospital. The  
20 conveyance shall be completed at a value of \$600,000 paid to Cardinal Hill Hospital for  
21 the surrender of its lease. The \$600,000 is composed of \$300,000 of KCTCS Restricted  
22 Funds and \$300,000 of Other Funds that have been raised for this purpose. KCTCS will  
23 receive approximately 20 to 30 acres in this conveyance.

24 **(5) Salary Increases:** It is the intent of the 2010 General Assembly that  
25 employees of the Kentucky Community and Technical College System (KCTCS) who are  
26 in the University of Kentucky personnel system shall be treated the same, with respect to  
27 compensation plans and salary increases implemented by KCTCS, as all other employees

1 of KCTCS. Specifically, KCTCS shall not utilize the practice of providing lower salary  
 2 increases to KCTCS employees who are in the University of Kentucky personnel system  
 3 in order to offset money paid to the University of Kentucky for the cost of providing  
 4 health insurance to these employees.

5 KCTCS shall make no distinction in compensation plans or salary increases among  
 6 its employees based upon the personnel system to which they belong, except that KCTCS  
 7 may make up the lower salary increases given in the past to those employees of KCTCS  
 8 in the University of Kentucky personnel system which were based upon reimbursing the  
 9 University of Kentucky for the cost of providing health insurance.

10 **(6) Appropriation Reduction: The above General Fund appropriation for fiscal**  
 11 **year 2011-2012 shall be reduced to \$197,251,300 on January 30, 2012, unless future**  
 12 **action is taken by the General Assembly based on the final managed care savings**  
 13 **report required by Part III, 48. of this Act.**

14 **TOTAL - POSTSECONDARY EDUCATION**

	2010-11	2011-12
15 General Fund (Tobacco)	6,417,100	5,987,600
17 General Fund	<u>1,225,646,000</u> <del>[1,206,885,600]</del>	<u>1,226,085,700</u> <del>[1,245,875,600]</del>
18 Restricted Funds	3,708,999,000	3,858,979,000
19 Federal Funds	853,826,100	824,596,000
20 TOTAL	<u>5,794,888,200</u> <del>[5,776,127,800]</del>	<u>5,915,648,300</u> <del>[5,935,438,200]</del>

21 **L. PUBLIC PROTECTION CABINET**

22 **Budget Units**

23 **1. SECRETARY**

	2010-11	2011-12
25 General Fund	<u>264,200</u> <del>[265,100]</del>	<u>258,000</u> <del>[262,500]</del>
26 Restricted Funds	4,691,700	4,766,600
27 TOTAL	<u>4,955,900</u> <del>[4,956,800]</del>	<u>5,024,600</u> <del>[5,029,100]</del>

1	<b>2. BOXING AND WRESTLING AUTHORITY</b>		
2		<b>2010-11</b>	<b>2011-12</b>
3	Restricted Funds	138,300	140,100
4	<b>3. ALCOHOLIC BEVERAGE CONTROL</b>		
5		<b>2010-11</b>	<b>2011-12</b>
6	General Fund	<u>800,200</u> <del>[803,000]</del>	<u>781,200</u> <del>[795,000]</del>
7	Restricted Funds	4,896,800	5,024,100
8	TOTAL	<u>5,697,000</u> <del>[5,699,800]</del>	<u>5,805,300</u> <del>[5,819,100]</del>
9	<b>4. CHARITABLE GAMING</b>		
10		<b>2010-11</b>	<b>2011-12</b>
11	Restricted Funds	3,080,900	3,154,300
12	<b>5. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION</b>		
13	<b>BOARD</b>		
14		<b>2010-11</b>	<b>2011-12</b>
15	General Fund	<u>618,600</u> <del>[620,800]</del>	<u>604,000</u> <del>[614,600]</del>
16	Restricted Funds	1,758,600	1,785,800
17	Federal Funds	508,700	508,700
18	TOTAL	<u>2,885,900</u> <del>[2,888,100]</del>	<u>2,898,500</u> <del>[2,909,100]</del>
19	<b>6. FINANCIAL INSTITUTIONS</b>		
20		<b>2010-11</b>	<b>2011-12</b>
21	Restricted Funds	9,213,200	9,213,200
22	<b>7. HORSE RACING COMMISSION</b>		
23		<b>2010-11</b>	<b>2011-12</b>
24	General Fund	<u>2,988,400</u> <del>[2,999,000]</del>	<u>2,917,400</u> <del>[2,969,000]</del>
25	Restricted Funds	26,139,600	26,080,400
26	TOTAL	<u>29,128,000</u> <del>[29,138,600]</del>	<u>28,997,800</u> <del>[29,049,400]</del>
27	<b>8. HOUSING, BUILDINGS AND CONSTRUCTION</b>		

	2010-11	2011-12
General Fund	<u>2,174,700</u> <del>[2,182,400]</del>	<u>2,123,100</u> <del>[2,160,600]</del>
Restricted Funds	14,041,100	14,711,300
Federal Funds	1,150,100	157,900
TOTAL	<u>17,365,900</u> <del>[17,373,600]</del>	<u>16,992,300</u> <del>[17,029,800]</del>

(1) **Funding Flexibility:** Notwithstanding KRS 198B.090(10), 198B.095(2), 198B.676(2), 227.620(5), 227A.050(1) and (2), 236.130(3), and 318.136, the Department of Housing, Buildings and Construction may expend, with the approval of any affected boards, any Restricted Funds for programs administered by the Department. The Department shall return any funds transferred from a board back to the board within the fiscal biennium.

## 9. INSURANCE

	2010-11	2011-12
General Fund (Tobacco)	18,084,700	16,581,400
Restricted Funds	19,796,300	19,959,000
TOTAL	37,881,000	36,540,400

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$18,084,700 in fiscal year 2010-2011 and \$16,581,400 in fiscal year 2011-2012 for the Kentucky Access Program.

(2) **Insurance License Fee and Tax:** Notwithstanding any other statutory provision to the contrary, no license fee or tax imposed under KRS 91A.080 shall apply to premiums paid to insurance companies or surplus lines brokers by non-profit self-insurance groups whose membership consists of cities, counties, charter county governments, urban-county governments, consolidated local governments, school districts, or any other political subdivisions of the Commonwealth.

## 10. TAX APPEALS

	2010-11	2011-12
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1	General Fund	<u>382,700</u> <del>[384,000]</del>	<u>373,600</u> <del>[380,200]</del>
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2 **TOTAL - PUBLIC PROTECTION CABINET**

3		<b>2010-11</b>	<b>2011-12</b>
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4	General Fund (Tobacco)	18,084,700	16,581,400
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5	General Fund	<u>7,228,800</u> <del>[7,254,300]</del>	<u>7,057,300</u> <del>[7,181,900]</del>
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6	Restricted Funds	83,756,500	84,834,800
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7	Federal Funds	1,658,800	666,600
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8	TOTAL	<u>110,728,800</u> <del>[110,754,300]</del>	<u>109,140,100</u> <del>[109,264,700]</del>
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9 **M. TOURISM, ARTS AND HERITAGE CABINET**

10 **Budget Units**

11 **1. SECRETARY**

12		<b>2010-11</b>	<b>2011-12</b>
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13	General Fund	<u>2,751,900</u> <del>[2,761,700]</del>	<u>2,686,600</u> <del>[2,734,100]</del>
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14	Restricted Funds	10,088,900	10,111,900
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15	TOTAL	<u>12,840,800</u> <del>[12,850,600]</del>	<u>12,798,500</u> <del>[12,846,000]</del>
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16 **(1) Outdoor Drama Grants:** Included in the above Restricted Funds  
 17 appropriation is \$405,000 in each fiscal year for the purpose of supporting the following  
 18 grants: Someday Outdoor Drama, \$20,000 in each fiscal year; Stephen Foster, \$81,000 in  
 19 each fiscal year; Pioneer School of Drama, \$28,500 in each fiscal year; Music Theater of  
 20 Louisville, \$9,000 in each fiscal year; Pine Knob Theater, \$29,500 in each fiscal year;  
 21 Kincaid Regional Theater, \$27,500 in each fiscal year; Twilight Cabaret, \$9,000 in each  
 22 fiscal year; Horse Cave Theater, \$60,000 in each fiscal year; Jenny Wiley, \$39,500 in  
 23 each fiscal year; Indian Fort Drama of Berea, \$25,000 in each fiscal year; Fort Harrod  
 24 Drama Productions, \$41,000 in each fiscal year; Greenbo Lake State Resort Park,  
 25 \$10,000 in each fiscal year; and Russell County Ruscotown Players Production, \$25,000  
 26 in each fiscal year. If the agency finds that an Outdoor Drama grant recipient no longer  
 27 exists, the appropriation for that grant shall lapse to the credit of the Tourism, Meeting,

and Convention Marketing Fund established under KRS 142.406.

**(2) International Mystery Writers' Festival Grant:** Included in the above General Fund appropriation is \$150,000 in fiscal year 2010-2011 and \$150,000 in fiscal year 2011-2012 for a grant to the RiverPark Center in Owensboro to be used for the support of the International Mystery Writers' Festival. This grant is subject to a one-to-one dollar match from other funds that shall be certified by the RiverPark Center to the Office of the Secretary.

**(3) Unexpended Restricted Funds:** Notwithstanding KRS 45.229, included in the above Restricted Funds appropriation is \$255,700 in fiscal year 2010-2011 and \$255,700 in fiscal year 2011-2012 from unexpended coal severance funds from the Local Government Economic Development Fund, Multi-County Fund, from prior fiscal years for Tourism Marketing and Development on behalf of the coal-producing counties.

## 2. ARTISANS CENTER

	2010-11	2011-12
General Fund	<u>299,800</u> <del>[300,800]</del>	<u>292,700</u> <del>[297,800]</del>
Restricted Funds	1,728,100	1,750,900
Road Fund	350,000	350,000
TOTAL	<u>2,377,900</u> <del>[2,378,900]</del>	<u>2,393,600</u> <del>[2,398,700]</del>

## 3. TRAVEL

	2010-11	2011-12
General Fund	<u>3,281,000</u> <del>[3,292,600]</del>	<u>3,203,000</u> <del>[3,259,700]</del>
Restricted Funds	100,000	100,000
TOTAL	<u>3,381,000</u> <del>[3,392,600]</del>	<u>3,303,000</u> <del>[3,359,700]</del>

**(1) Bluegrass State Games:** Included in the above General Fund appropriation is \$50,000 in each fiscal year for the Bluegrass State Games.

## 4. PARKS

	2010-11	2011-12
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1	General Fund	<u>29,795,300</u> <del>[29,901,400]</del>	<u>29,608,800</u> <del>[30,133,100]</del>
2	Restricted Funds	53,296,200	54,187,300
3	TOTAL	<u>83,091,500</u> <del>[83,197,600]</del>	<u>83,796,100</u> <del>[84,320,400]</del>

4     **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS  
5     148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

6     **(2) Debt Service:** Included in the above General Fund appropriation is \$275,000  
7     in fiscal year 2010-2011 and \$803,000 in fiscal year 2011-2012 for new debt service to  
8     support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

9     **5. HORSE PARK COMMISSION**

10		<b>2010-11</b>	<b>2011-12</b>
11	General Fund	<u>3,316,400</u> <del>[3,328,200]</del>	<u>2,303,900</u> <del>[2,344,600]</del>
12	Restricted Funds	7,492,000	7,608,600
13	TOTAL	<u>10,808,400</u> <del>[10,820,200]</del>	<u>9,912,500</u> <del>[9,953,200]</del>

14    **6. STATE FAIR BOARD**

15		<b>2010-11</b>	<b>2011-12</b>
16	Restricted Funds	44,342,600	45,251,500

17    **(1) Debt Service:** Included in the above Restricted Funds appropriation is  
18    \$4,423,600 in fiscal year 2010-2011 and \$4,422,300 in fiscal year 2011-2012 for  
19    previously issued bonds.

20    **7. FISH AND WILDLIFE RESOURCES**

21		<b>2010-11</b>	<b>2011-12</b>
22	Restricted Funds	30,693,400	31,226,600
23	Federal Funds	17,311,300	17,581,400
24	TOTAL	48,004,700	48,808,000

25    **8. HISTORICAL SOCIETY**

26		<b>2010-11</b>	<b>2011-12</b>
27	General Fund	<u>6,078,000</u> <del>[6,099,600]</del>	<u>5,933,600</u> <del>[6,038,600]</del>

1	Restricted Funds	702,700	724,900
2	Federal Funds	444,700	45,200
3	TOTAL	<u>7,225,400</u> <del>[7,247,000]</del>	<u>6,703,700</u> <del>[6,808,700]</del>

4 **9. ARTS COUNCIL**

5		<b>2010-11</b>	<b>2011-12</b>
6	General Fund	<u>3,064,900</u> <del>[3,075,800]</del>	<u>2,992,200</u> <del>[3,045,100]</del>
7	Restricted Funds	153,900	153,900
8	Federal Funds	805,700	805,700
9	TOTAL	<u>4,024,500</u> <del>[4,035,400]</del>	<u>3,951,800</u> <del>[4,004,700]</del>

10 **(1) Open Meetings:** Any entity involved in producing or financing arts on a local  
 11 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of  
 12 \$25,000 or less as a result of appropriations or grants from state or local governmental  
 13 units, shall be exempt from the requirements of KRS 61.800 to 61.850.

14 **(2) Open Records:** Any entity involved in producing or financing arts on a local  
 15 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of  
 16 \$25,000 or less as a result of appropriations or grants from state or local governmental  
 17 units shall be exempt from the requirements of KRS 61.870 to 61.884.

18 **10. HERITAGE COUNCIL**

19		<b>2010-11</b>	<b>2011-12</b>
20	General Fund	<u>765,900</u> <del>[768,600]</del>	<u>747,800</u> <del>[761,000]</del>
21	Restricted Funds	273,700	278,100
22	Federal Funds	764,700	781,900
23	TOTAL	<u>1,804,300</u> <del>[1,807,000]</del>	<u>1,807,800</u> <del>[1,821,000]</del>

24 **11. KENTUCKY CENTER FOR THE ARTS**

25		<b>2010-11</b>	<b>2011-12</b>
26	General Fund	<u>913,700</u> <del>[916,900]</del>	<u>892,000</u> <del>[907,700]</del>

27 **TOTAL - TOURISM, ARTS AND HERITAGE CABINET**

	2010-11	2011-12
General Fund	<u>50,266,900</u> <del>[50,445,600]</del>	<u>48,660,600</u> <del>[49,521,700]</del>
Restricted Funds	148,871,500	151,393,700
Federal Funds	19,326,400	19,214,200
Road Fund	350,000	350,000
TOTAL	<u>218,814,800</u> <del>[218,993,500]</del>	<u>219,618,500</u> <del>[220,479,600]</del>

➔Section 3. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part III, General Provisions; 26. General Fund Expenditure Reductions, at page 138, is amended to read as follows:

**26. General Fund Expenditure Reductions:** The Governor shall reduce General Fund expenditures appropriated in this Act in fiscal year 2010-2011 and by \$168,900,000 in fiscal year 2011-2012. This reduction shall be achieved through operating efficiencies, including~~[in part]~~ but not limited to the following measures: a reduction in non-merit employees and a reduction~~[review]~~ of state contracts, including master agreements and personal services contracts~~[-, a coordination of information technology to include procurement and implementation practices, a review of improved management and utilization of fleet vehicles, the identification and sale of surplus assets including real property, and a review of leased space].~~ All General Fund expenditure reductions shall result in recurring annual savings. ~~[The State Budget Director with the recommendation from the Secretary of the Finance and Administration Cabinet shall utilize the information from these reviews and associated actions to determine the amount of General Fund expenditure reductions per year that can be obtained from each budget unit of the Executive Branch.]~~ No debt service savings or savings from debt restructuring shall be used to comply with the expenditure reductions mandated in this section for fiscal year 2011-2012. The State Budget Director is authorized to withhold General Fund allotments associated with the determined General Fund expenditure reductions. ~~[The State Budget Director shall provide a quarterly report to the Interim Joint Committee on~~

1 ~~Appropriations and Revenue outlining the actions taken or planned pursuant to this~~  
 2 ~~section.~~]Notwithstanding any statute or administrative regulation to the contrary,  
 3 Restricted Funds savings may be transferred to the General Fund.

4 ➔Section 4. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part III, General  
 5 Provisions; after 40. Reduction of Contract Expenditures, at page 140, is amended to read  
 6 as follows:

7 42. General Fund Debt Restructuring: 2010 (1st Extra. Sess.) Kentucky Acts  
 8 Chapter 1, the 2010-2012 state/executive branch budget as originally enacted by the  
 9 First Extraordinary Session of the 2010 General Assembly, was predicated on the  
 10 Governor having the authority to restructure General Fund debt in the amount of  
 11 \$72,853,800 in fiscal year 2010-2011 and \$130,000,000 in fiscal year 2011-2012. Due  
 12 to the fact the Governor has chosen to restructure the General Fund debt in the  
 13 amount of \$139,828,140 in fiscal year 2010-2011, this budget provision specifically  
 14 restricts any General Fund debt restructuring during the 2010-2012 fiscal biennium to  
 15 a total of \$202,853,800, the amount on which the biennial budget was predicated upon.

16 43. Road Fund Debt Restructuring: 2010 (1st Extra. Sess.) Kentucky Acts  
 17 Chapter 3, the 2010-2012 Transportation Cabinet budget as originally enacted by the  
 18 First Extraordinary Session of the 2010 General Assembly, was predicated on certain  
 19 levels of necessary Road Fund debt restructuring, \$52,000,000 in fiscal year 2010-2011  
 20 and \$53,000,000 in fiscal year 2011-2012. This budget provision specifically prohibits  
 21 the restructuring of any Road Fund debt in fiscal year 2010-2011 and restricts any  
 22 Road Fund debt restructuring in fiscal year 2011-2012 to a total of \$53,000,000.

23 44. Additional Revenue: Notwithstanding KRS 48.115, 48.120, and any other  
 24 statute to the contrary, in addition to the estimated General Fund revenue receipts for  
 25 fiscal year 2010-2011 as specified in Part VI of this Act, \$22,400,000 of General Fund  
 26 revenue receipts are hereby recognized and appropriated in fiscal year 2010-2011.

27 45. Debt Service: Any General Fund moneys appropriated for debt service that

1 are not expended specifically for debt service shall be transferred to the Budget Reserve  
 2 Trust Fund Account (KRS 48.705).

3 46. Reporting Requirements: Beginning with the effective date of this Act, the  
 4 Governor shall report monthly to the Legislative Research Commission the status of all  
 5 budgetary savings and efficiencies that have been achieved for the 2010-2012 fiscal  
 6 biennium. These measures shall apply but not be limited to expenditure reductions,  
 7 non-merit employee reductions, contract reductions, and any other area that is used to  
 8 achieve the savings mandated in this Act. This report shall be due by the 15th day of  
 9 each month.

10 47. Legislative Intent: Any language provision that expresses legislative intent  
 11 regarding a specific appropriation shall not be reduced by a greater percentage than  
 12 the reduction to the General Fund appropriation for that budget unit.

13 48. Medicaid Managed Care Savings: The Legislative Research Commission  
 14 shall employ an established accounting firm that has extensive expertise in the area of  
 15 Medicaid benefits and the implementation of managed care. The Cabinet for Health  
 16 and Family Services shall provide all documentation as requested. Notwithstanding  
 17 any statute to the contrary, the firm and the Consensus Forecasting Group shall work  
 18 together to provide their evaluated savings in fiscal year 2011-2012 from the  
 19 implementation of managed care. By January 1, 2012, the firm and the Consensus  
 20 Forecasting Group shall submit a joint final report to the Legislative Research  
 21 Commission and to the Secretary of the Finance and Administration Cabinet that shall  
 22 provide their evaluated savings for fiscal year 2011-2012. All costs associated with this  
 23 section shall be deemed a necessary government expense and shall be paid from the  
 24 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund  
 25 Account (KRS 48.705).

26 49. Medicaid Managed Care Analysis Reporting: Beginning August 1, 2011,  
 27 the Department for Medicaid Services shall submit a monthly Medicaid managed care

analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of:

(a) Actual expenditures;

(b) Eligibles;

(c) Average monthly cost per eligible by type of eligible compared to projections for each managed care contract; and

(d) Actual savings achieved along with any revisions to projected savings with an explanation of any variances.

Any additional information requested by the General Assembly shall also be provided in a timely manner no later than the next monthly Medicaid managed care analysis report.

50. Additional Appropriations to Medicaid Benefits: Any General Fund appropriation reductions that are mandated to occur on January 30, 2012, by the First Extraordinary Session of the 2011 General Assembly shall be transferred and appropriated to the Medicaid Benefits budget unit in fiscal year 2011-2012.

51. Restoration of Education Funding: This Act is predicated on the Governor achieving \$69,795,800 of General Fund savings in fiscal year 2011-2012, which is half the \$139,591,600 of General Fund savings projected by the Governor as needed in fiscal year 2011-2012. If General Fund savings derived from the implementation of managed care as reported pursuant to Section 48. of this Part are greater than \$69,795,800 in fiscal year 2011-2012, it is the intent of the General Assembly to act prior to January 30, 2012, to rescind the mandatory reductions to SEEK and Postsecondary Education.

52. Accounting and Auditing Services: The Legislative Research Commission may contract with an accounting firm to assist with evaluating all expenditure reductions and efficiency savings within state government.

➔Section 5. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part IV, State

Salary/Compensation, Benefit, and Employment Policy; after 10. Employer Retirement Contribution Rates, at pages 143 to 145, is amended to read as follows:

~~[11. Furlough of State Employees: In response to requests by the Executive Branch for maximum flexibility in regard to personnel matters, the following authority is provided relating to the furlough of state employees. Further, it is the intent of the General Assembly that this authority is only provided to prevent a permanent layoff of state employees in areas of critical services to the citizens of the Commonwealth. Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2010, through June 30, 2012, in the event that the fiscal situation of the Commonwealth requires that the Executive Branch place employees on furlough:~~

~~(a) For the purposes of this section:~~

- ~~1. "Appointing Authority" means "Appointing authority" as defined in KRS 18A.005(1) and 151B.010(1). In relation to KRS Chapter 16, "Appointing Authority" means the Commissioner of the Department of Kentucky State Police;~~
- ~~2. "Secretary" means the Secretary of the Personnel Cabinet as provided for in KRS 18A.115;~~
- ~~3. "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the Appointing Authority within a pay period; and~~
- ~~4. "Lack of funds" means a current or projected deficiency of funding to maintain current or projected levels of staffing and operations of state government in a fiscal year;~~

~~(b) Notwithstanding any other provision of law, the Secretary, with the approval of the Governor, may develop, in conjunction with the Appointing Authorities and the Kentucky Technical Education Personnel Board, and implement a furlough plan for all state Executive Branch employees, based on a lack of~~

1 funds as certified by the State Budget Director;

2 ~~(e) The furlough plan developed and implemented by the Secretary shall include:~~

3 ~~1. A provision that shall place all employees, merit and non-merit,~~  
4 ~~classified and non-classified, on furlough for the same number of hours~~  
5 ~~during a calendar month;~~

6 ~~2. The temporary closing of state offices, wherever possible to achieve the~~  
7 ~~maximum operational savings for state government;~~

8 ~~3. A provision to work with Appointing Authorities that have 24-hour,~~  
9 ~~seven-day-a-week operations to place employees of those facilities on~~  
10 ~~furlough for the specified number of hours during the affected pay~~  
11 ~~period as all other employees;~~

12 ~~4. A provision that would allow for the exemption of employees in specific~~  
13 ~~job classifications directly responsible for the care or safety of inmates~~  
14 ~~or residents in 24-hour correctional, juvenile justice, or mental health~~  
15 ~~facilities, as requested and certified by the Secretary of the Justice and~~  
16 ~~Public Safety Cabinet or the Secretary of the Cabinet for Health and~~  
17 ~~Family Services and as approved by the Secretary of the Personnel~~  
18 ~~Cabinet;~~

19 ~~5. A provision that would allow for the exemption of specific~~  
20 ~~classifications of uniformed law enforcement officers or trainees that are~~  
21 ~~required to protect the lives and safety of the citizens of the~~  
22 ~~Commonwealth, as certified by the Commissioner of State Police and as~~  
23 ~~approved by the Secretary of the Personnel Cabinet;~~

24 ~~6. A provision that would prohibit any contract employee, or otherwise~~  
25 ~~non-state employee, who is compensated on an hourly basis, from~~  
26 ~~performing similar services during the time that a state employee in the~~  
27 ~~work unit for which the contract applies is placed on furlough;~~



~~7. A provision that no employee covered by the merit system shall be placed on furlough for more than 20 percent of his or her scheduled work hours in any one work week or for more than 24 work hours in a six month calendar period;~~

~~8. A provision that allows the Appointing Authority to place non merit policy making employees employed under the provisions of KRS 18A.115(1)(d), (e), (f), (g), (h), or (i) on furlough for more hours than specified in paragraph 7. of this subsection; and~~

~~9. Notice to the employee of the furlough by the Appointing Authority at least seven days prior to the date of the furlough;~~

~~(d) A furlough implemented in accordance with this section shall not be considered a penalization of the employee for the purposes of KRS Chapters 16, 18A, and 151B, and shall not be appealable to the State Personnel Board, the Kentucky Technical Education Personnel Board, or the Department of Kentucky State Police Personnel Board;~~

~~(e) The hours an employee is placed on furlough during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;~~

~~(f) An employee covered by the provisions of KRS Chapter 16, 18A, or 151B, may voluntarily request to be placed on furlough for more hours in a six month period than provided for in subsection (e) of this section, provided such a request is submitted in writing on a form prescribed by the Secretary of the Personnel Cabinet and approved by the Appointing Authority prior to the effective date of the voluntary furlough; [and]~~

~~(g) The Secretary shall promulgate an administration regulation to implement a furlough program, as specified by this section, prior to the implementation of any furlough of state employees.]~~

**12. Federal Patient Protection and Affordable Care Act Receipts: All receipts**

received by the Commonwealth of Kentucky through the Early Retiree Reinsurance Program of the Federal Patient Protection and Affordable Care Act shall be reported to the Interim Joint Committee on Appropriations and Revenue as received and shall be deposited in a sub-account of the Public Employee Health Insurance Trust Fund for future appropriation by the General Assembly. It is the intent of the First Extraordinary Session of the 2011 General Assembly to use these funds to cover a portion of health insurance premium increases in future plan years.

➔Section 6. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 1, Part V, Funds Transfer; D. Finance and Administration Cabinet, at page 146, is amended to read as follows:

#### **D. FINANCE AND ADMINISTRATION CABINET**

##### **1. General Administration**

Fleet Management Fund	4,793,000	3,000,000	12,000,000
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##### **2. Controller**

KEES Reserve Trust Fund	-0-	5,000,000	2,500,000
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##### **3. Controller**

<u>Agency Revenue Fund</u>	<u>-0-</u>	<u>1,000,000</u>	<u>-0-</u>
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##### **4. Controller**

<u>Expendable Trust Fund</u>	<u>-0-</u>	<u>2,000,000</u>	<u>-0-</u>
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##### **5. Facilities and Support Services**

Capital Projects Fund	-0-	700,000	-0-
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##### **6.[4.] Finance and Administration**

Capital Construction

Investment Income	-0-	10,250,000	10,250,000
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➔Section 7. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 3, Part I, Operating Budget, at pages 189 to 195, is amended to read as follows:

#### **PART I**

## OPERATING BUDGET

**(1) Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the budget units of the Transportation Cabinet are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

### A. TRANSPORTATION CABINET

#### Budget Units

##### 1. GENERAL ADMINISTRATION AND SUPPORT

	2010-11	2011-12
Restricted Funds	20,000	20,000
Road Fund	68,791,100	69,188,100
TOTAL	68,811,100	69,208,100

**(1) Biennial Highway Construction Plan:** The Secretary of the Transportation Cabinet is directed to produce a single document that contains two separately identified sections, as follows:

Section 1 shall detail the enacted fiscal biennium 2010-2012 Biennial Highway Construction Program and Section 2 shall detail the Highway Preconstruction Program Plan for fiscal year 2010-2011 through fiscal year 2015-2016 as identified by the First Extraordinary Session of the 2010 General Assembly. This document shall mirror in data type and format the fiscal year 2008-2014 Recommended Six Year Road Plan as submitted to the 2008 General Assembly. The document shall be published and distributed to members of the General Assembly and the public within 60 days of

1 adjournment of the 2010 First Extraordinary Session of the General Assembly.

2       **(2) Debt Service:** Included in the above Road Fund appropriation is \$7,291,100  
3 in fiscal year 2010-2011 and \$7,301,200 in fiscal year 2011-2012 for debt service on  
4 previously authorized bonds for the new Transportation Cabinet office building and  
5 parking structure.

6       **(3) Adopt-A-Highway Litter Program:** The Transportation Cabinet and the  
7 Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of  
8 money, property, labor, or other things of value from any governmental agency,  
9 individual, nonprofit organization, or private business to be used for the Adopt-a-  
10 Highway Litter Program or other statewide litter programs. Any contribution of this  
11 nature shall be deemed to be a contribution to a state agency for a public purpose and  
12 shall be treated as Restricted Funds under KRS Chapter 45 and reported according to  
13 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter  
14 11A.

15       **(4) SAFE Patrol Program:** The Transportation Cabinet shall continue the SAFE  
16 Patrol Program at the current service level. The primary mission of the Cabinet's SAFE  
17 Patrol shall be motorist assistance. The SAFE Patrol shall be restricted to providing only  
18 assistance services on interstates, parkways, and other limited-access highways.

19       **(5) Review of Contract Expenditures:** The Secretary of the Transportation  
20 Cabinet shall maximize Road Fund resources through a review of the Transportation  
21 Cabinet's contract expenditures. To achieve this maximization of Road Fund resources,  
22 the Transportation Cabinet shall:

23       (a) Rebid or renegotiate contracts where current economic conditions have  
24 reduced the cost of the services, goods, or commodities at issue;

25       (b) Review vendor performance to identify and control cost overruns and  
26 underperformance of contractual terms, and maintain an updated list of such contracts;

27       (c) Monitor and document contract performance and oversight in a readily

reviewable format;

(d) Implement billing standards to allow meaningful auditing of personal service contracts;

(e) Reduce legal services contracts by requiring utilization of in-house counsel;

(f) Reduce engineering services contracts by requiring utilization of in-house engineering and planning, where feasible;

(g) Document cost overruns in all monitored information technology (IT) contracts and develop written evaluations of their effectiveness; and

(h) Reduce sole source contracts to promote savings through the competitive bidding process.

The Transportation Cabinet shall report to the Legislative Research Commission no later than December 1, 2010, the maximization of Road Fund resources achieved through the review of contract expenditures.

## 2. AVIATION

	2010-11	2011-12
Restricted Funds	3,150,400	3,149,100
Federal Funds	15,000	15,000
Road Fund	2,280,100	2,865,900
TOTAL	5,445,500	6,030,000

**(1) Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

**(2) Debt Service:** Included in the above Road Fund appropriation is \$994,800 in fiscal year 2010-2011 and \$996,000 in fiscal year 2011-2012 for debt service on previously issued bonds. Notwithstanding KRS 183.525, \$994,800 in fiscal year 2010-2011 and \$996,000 in fiscal year 2011-2012 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

**(3) Aviation Development Debt Service:** Included in the above Road Fund

appropriation is \$296,500 in fiscal year 2010-2011 and \$848,500 in fiscal year 2011-2012 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

### 3. DEBT SERVICE

	2010-11	2011-12
Road Fund	<u>107,247,000</u> <del>[74,747,000]</del>	116,904,800

**(1) Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$104,102,000~~[\$71,602,000]~~ in fiscal year 2010-2011 and \$88,537,800 in fiscal year 2011-2012 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

**(2) Economic Development Road Bond Debt Service:** (a) Included in the above Road Fund appropriation is \$3,145,000 in fiscal year 2010-2011 and \$6,289,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2010-2011 to support projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

(b) Included in the above Road Fund appropriation is \$2,712,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$56,000,000 in new Economic Development Road Revenue Bonds in fiscal year 2011-2012 to support road projects related to the Base Realignment and Closure (BRAC) activities in and around Fort Knox.

**(3) Economic Development Road Bond Debt Service:** Included in the above Road Fund appropriation is \$19,366,000 in fiscal year 2011-2012 for Economic Development Road lease-rental payments to the Kentucky Turnpike Authority relating to projects financed by \$400,000,000 in new Economic Development Road Revenue Bonds

in fiscal year 2011-2012 to support projects in the Biennial Highway Construction Plan.

**(4) Excess Lease-Rental Payments:** Any moneys not required to meet lease-rental payments or to meet the administrative costs of the Kentucky Turnpike Authority shall be transferred to the State Construction Account.

**(5) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2010-2012 fiscal biennium.

#### 4. HIGHWAYS

	2010-11	2011-12
General Fund	<u>281,000</u> <del>[282,000]</del>	<u>554,200</u> <del>[564,000]</del>
Restricted Funds	211,230,800	515,230,800
Federal Funds	672,683,000	672,700,400
Road Fund	<u>683,444,200</u> <del>[715,944,200]</del>	735,682,600
Highway Bond	56,000,000	456,000,000
TOTAL	<u>1,623,639,000</u> <del>[1,656,140,000]</del>	<u>2,380,168,000</u> <del>[2,380,177,800]</del>

**(1) Debt Service:** Included in the above Federal Funds appropriation is \$68,645,900 in fiscal year 2010-2011 and \$68,609,500 in fiscal year 2011-2012 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

**(2) Federally Supported Construction Program:** Included in the above Federal Funds appropriation is \$581,351,100 in fiscal year 2010-2011 and \$545,644,900 in fiscal year 2011-2012 for federal construction projects.

**(3) State Supported Construction Program:** Included in the above Road Fund appropriation is \$272,172,600~~[\$304,672,600]~~ in fiscal year 2010-2011 and \$323,799,800 in fiscal year 2011-2012 for the State Supported Construction Program. All State Supported Construction funds shall be spent according to the Six Year Road Plans set out

1 in 2009 Ky. Acts ch. 9, 2009 Ky. Acts ch. 85, and as enacted in 2010 First Extraordinary  
 2 Session HB 4. Projects in those plans with the "SPB" and "SB2" designations are projects  
 3 to be completed with Highway Bonds authorized in 2009 Ky. Acts ch. 9 and 2010 First  
 4 Extraordinary Session HB 3. Projects with the "SPB" and "SB2" designations that cannot  
 5 be completed due to insufficient bond funds shall be given "SPP" funding priority.  
 6 Projects with an "SPP" designation are state high priority projects and shall be given  
 7 priority over other state projects with an "SP" funding designation.

8 **(4) State Resurfacing Program:** Included in the State Supported Construction  
 9 Program is \$97,000,000 in fiscal year 2010-2011 and \$97,000,000 in fiscal year 2011-  
 10 2012 from the Road Fund for the State Resurfacing Program.

11 **(5) Biennial Highway Construction Program:** Included in the State Supported  
 12 Construction Program is \$144,172,600~~[\$176,672,600]~~ in fiscal year 2010-2011 and  
 13 \$195,799,800 in fiscal year 2011-2012 from the Road Fund for state construction projects  
 14 in the fiscal biennium 2010-2012 Biennial Highway Construction Program.

15 **(6) Highway Construction Contingency Account:** Included in the State  
 16 Supported Construction Program is \$31,000,000 in fiscal year 2010-2011 and  
 17 \$31,000,000 in fiscal year 2011-2012 for the Highway Construction Contingency  
 18 Account. Also included in the Highway Construction Contingency Account appropriation  
 19 is up to \$350,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 for the  
 20 Northern Kentucky Port Authority for the Ohio River Bank Stabilization Study and up to  
 21 \$2,000,000 in dollar-for-dollar matching funds in fiscal year 2010-2011 and fiscal year  
 22 2011-2012 for the Shortline Railroad Assistance Fund. Also included in the Highway  
 23 Construction Contingency Account is \$260,000 in fiscal year 2010-2011 for  
 24 transportation enhancements for the Farnsely-Moreman Landing/Aydelotte project and  
 25 \$2,000,000 in fiscal year 2010-2011 and \$2,000,000 in fiscal year 2011-2012 for the 21st  
 26 Century Parks Project. Also included in the Highway Construction Contingency Account  
 27 is \$20,000 in fiscal year 2010-2011 for the Violet Road Sidewalk Repair, \$100,000 in



1 fiscal year 2010-2011 for the Lincoln River Greenway Walking Trail in the City of  
2 Covington, and \$500,000 in fiscal year 2010-2011 for Providence-Webster County  
3 Airport improvements.

4 **(7) Economic Development Road Bonds:** Included in the above Highway Bonds  
5 appropriation is \$56,000,000 in fiscal year 2010-2011 and \$56,000,000 in fiscal year  
6 2011-2012 for new Economic Development Road Bonds to support projects related to the  
7 Base Realignment and Closure (BRAC) activities in and around Fort Knox.

8 **(8) Economic Development Road Bonds:** Included in the above Highway Bonds  
9 appropriation is \$400,000,000 in fiscal year 2011-2012 for new Economic Development  
10 Road Bonds to support projects in the Biennial Highway Construction Plan.

11 **(9) 2010-2012 Biennial Highway Construction Plan:** Projects in the enacted  
12 2008-2010 Biennial Highway Construction Plan are authorized to continue their current  
13 authorization into the 2010-2012 fiscal biennium.

14 **(10) Kentucky Transportation Center:** Notwithstanding KRS 177.320(4),  
15 included in the above Road Fund appropriation is \$290,000 in fiscal year 2010-2011 and  
16 \$290,000 in fiscal year 2011-2012 for the Kentucky Transportation Center.

17 **(11) New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3),  
18 included in the above Restricted Funds appropriation is \$1,500,000 in fiscal year 2010-  
19 2011 and \$1,500,000 in fiscal year 2011-2012 from the sale of surplus equipment to  
20 purchase new highway equipment.

21 **(12) State Match Provisions:** The Transportation Cabinet is authorized to utilize  
22 state construction moneys or Toll Credits to match federal highway moneys.

23 **(13) Road Fund Cash Management:** The Secretary of the Transportation Cabinet  
24 is authorized to continue the Cash Management Plan to address the policy of the General  
25 Assembly to expeditiously initiate and complete projects in the fiscal biennium 2010-  
26 2012 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45,  
27 specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance

1 projects in the Biennial Highway Construction Plan by employing management  
 2 techniques that maximize the Cabinet's ability to contract for and effectively administer  
 3 the project work. Under the approved Cash Management Plan, the Secretary is directed to  
 4 continuously ensure that the unspent project and Road Fund balances available to the  
 5 Transportation Cabinet are sufficient to meet expenditures consistent with appropriations  
 6 provided.

7 **(14) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,  
 8 unexpended Road Fund appropriations in the Highways budget unit for the Construction  
 9 program, the Maintenance program, and the Research program in fiscal year 2009-2010  
 10 and in fiscal year 2010-2011 shall not lapse but shall carry forward. Unexpended Federal  
 11 Funds and Restricted Funds appropriations in the Highways budget unit for the  
 12 Construction program, the Maintenance program, the Equipment Services program, and  
 13 the Research program in fiscal year 2009-2010 and in fiscal year 2010-2011, up to the  
 14 amount of ending cash balances and unissued Highway Bond Funds and grant balances  
 15 shall not lapse but shall carry forward.

16 **(15) Wetland Restoration Debt Service:** Included in the above General Fund  
 17 appropriation is \$282,000 in fiscal year 2010-2011 and \$564,000 in fiscal year 2011-2012  
 18 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget,  
 19 of this Act.

20 **(16) Highways Maintenance:** Included in the above Highways Road Fund  
 21 appropriation is \$323,212,500 in fiscal year 2010-2011 and \$323,212,500 in fiscal year  
 22 2011-2012 for Highways Maintenance. Highways Maintenance positions may be filled to  
 23 the extent the above funding level and the Highways Maintenance continuing  
 24 appropriation are sufficient to support those positions.

25 **(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds:** Included in the  
 26 above Restricted Funds appropriation is \$330,000,000 in fiscal year 2011-2012 for  
 27 GARVEE Bond Funds to be issued for the US-68/KY-80 Lake Barkley and Kentucky

1 Lake Bridges Project and \$105,000,000 in fiscal year 2011-2012 for GARVEE Bond  
2 Funds to be issued for the Louisville-Southern Indiana Ohio River Bridges Project.

3 **(19) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:**

4 Included in the above Federal Funds appropriation is \$20,627,000 in fiscal year 2011-  
5 2012 for GARVEE Bonds debt service payments relating to the US-68/KY-80 Lake  
6 Barkley and Kentucky Lake Bridge projects financed by \$330,000,000 in GARVEE  
7 Bonds and \$15,133,000 in fiscal year 2011-2012 for GARVEE Bonds debt service  
8 payments relating to the Louisville-Southern Indiana Ohio River Bridges Project.

9 **(20) Interlocal Cooperative Agreement:** Any local government may be permitted  
10 to enter into an interlocal cooperative agreement with the Transportation Cabinet to  
11 maintain traffic control devices on state-maintained roads within the local government's  
12 jurisdiction and shall be reimbursed by the Transportation Cabinet for the contracted cost  
13 of such maintenance. The agreement may permit local governments to make temporary  
14 repairs to state-maintained road surfaces within the local government's jurisdiction and  
15 shall be reimbursed by the Transportation Cabinet for the contracted cost of the  
16 temporary repairs. The Transportation Cabinet shall report all interlocal cooperative  
17 agreements entered into under this subsection to the Interim Joint Committee on  
18 Transportation within seven days of the agreement being finalized. The report shall  
19 include the local government requesting the assistance from the Cabinet, the scope and  
20 estimated cost of the service or repair, and the reasons for the necessity of the agreement.

21 **(21) Crittenden County Property:** Whereas the existing real property in  
22 Crittenden County located at 110 Old Salem Road has become unsuitable for public use  
23 as a Transportation Cabinet maintenance facility due to its age, and whereas this property  
24 would be more suitable for use by the Crittenden County Board of Education as it is  
25 adjacent to the Crittenden County High School, the General Assembly authorizes the  
26 exchange of this property with the Crittenden County Industrial Authority property in  
27 Industrial Park North. Upon conveyance of title to sufficient property to the

1 Transportation Cabinet by the Crittenden County Industrial Authority, the Transportation  
 2 Cabinet shall construct a new maintenance facility and all necessary adjacent facilities.  
 3 Upon completion and occupation of the new maintenance facility and approval required  
 4 by KRS 45A.045, the Commonwealth shall convey title to the existing maintenance  
 5 facility property to the Crittenden County Board of Education.

6 **(22) Federal Aid Highway Moneys:** If additional federal highway moneys are  
 7 made available to Kentucky by the United States Congress, the funds shall be used  
 8 according to the following priority: (a) Any demonstration-specific or project-specific  
 9 money shall be used on the project identified; and (b) All other funds shall be used to  
 10 ensure that projects in the 2010-2012 Biennial Highway Construction Plan are funded. If  
 11 additional federal moneys remain after these priorities are met, the Transportation  
 12 Cabinet may select projects from 2009 Ky. Acts ch. 85.

13 **(23) Hart and Larue Counties Concrete Barrier:** The Transportation Cabinet is  
 14 authorized to pursue a project to place a concrete barrier wall along the inside shoulder of  
 15 I-65 in Hart and Larue Counties to serve as a crash protection device to prevent cross-  
 16 median incidents.

17 **(24) Reauthorization:** Notwithstanding any statute to the contrary, 2009 Ky. Acts  
 18 ch. 85 is hereby reauthorized in its entirety. If any project is contained in both 2009 Ky.  
 19 Acts ch. 85 and 2010 First Extraordinary Session HB 4, the project detail in 2010 First  
 20 Extraordinary Session HB 4 shall override the project detail in 2009 Ky. Acts ch. 85.

## 21 **5. JUDGMENTS**

22 **(1) Payment of Judgments:** Road Fund resources required to pay judgments  
 23 shall be transferred from the State Construction Account at the time when actual  
 24 payments must be disbursed from the State Treasury.

## 25 **6. PUBLIC TRANSPORTATION**

26	2010-11	2011-12
27	General Fund <u>4,558,400</u> <del>[4,574,600]</del>	<u>4,450,000</u> <del>[4,528,800]</del>

1	Restricted Funds	440,000	440,000
2	Federal Funds	44,546,000	44,546,000
3	TOTAL	<u>49,544,400</u> <del>[49,560,600]</del>	<u>49,436,000</u> <del>[49,514,800]</del>

4       **(1) Toll Credits:** The Transportation Cabinet is authorized to maximize to the  
5 extent necessary the use of Toll Credits to match Federal Funds for transit systems capital  
6 grants.

7       **(2) Nonpublic School Transportation:** Included in the above General Fund  
8 appropriation is \$2,955,000 in fiscal year 2010-2011 and \$2,925,400 in fiscal year 2011-  
9 2012 for nonpublic school transportation.

## 10   7.   REVENUE SHARING

11		<b>2010-11</b>	<b>2011-12</b>
12	Road Fund	297,074,700	312,423,900

13       **(1) County Road Aid Program:** Included in the above Road Fund appropriation  
14 is \$112,177,600 in fiscal year 2010-2011 and \$117,997,000 in fiscal year 2011-2012 for  
15 the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and  
16 179.440. Notwithstanding KRS 177.320(2), the above amounts have been reduced by  
17 \$38,000 in fiscal year 2010-2011 and \$38,000 in fiscal year 2011-2012, which has been  
18 appropriated to the Highways budget unit for the support of the Kentucky Transportation  
19 Center.

20       **(2) Rural Secondary Program:** Included in the above Road Fund appropriation  
21 is \$136,084,400 in fiscal year 2010-2011 and \$143,144,000 in fiscal year 2011-2012 for  
22 the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340,  
23 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts have been  
24 reduced by \$46,000 in fiscal year 2010-2011 and \$46,000 in fiscal year 2011-2012, which  
25 has been appropriated to the Highways budget unit for the support of the Kentucky  
26 Transportation Center.

27       **(3) Municipal Road Aid Program:** Included in the above Road Fund

1 appropriation is \$47,200,400 in fiscal year 2010-2011 and \$49,649,000 in fiscal year  
 2 2011-2012 for the Municipal Road Aid Program in accordance with KRS 177.365,  
 3 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been  
 4 reduced by \$16,000 in fiscal year 2010-2011 and \$16,000 in fiscal year 2011-2012, which  
 5 has been appropriated to the Highways budget unit for the support of the Kentucky  
 6 Transportation Center.

7 **(4) Energy Recovery Road Fund:** Included in the above Road Fund  
 8 appropriation is \$903,000 in fiscal year 2010-2011 and \$903,000 in fiscal year 2011-2012  
 9 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771,  
 10 177.9772, 177.978, 177.979, and 177.981.

# 11 **8. VEHICLE REGULATION**

12		<b>2010-11</b>	<b>2011-12</b>
13	Restricted Funds	12,597,700	12,624,100
14	Federal Funds	1,050,000	1,050,000
15	Road Fund	22,648,200	22,889,200
16	<b>TOTAL</b>	<b>36,295,900</b>	<b>36,563,300</b>

17 **(1) Debt Service:** Included in the above Road Fund appropriation is \$3,144,900  
 18 in fiscal year 2010-2011 and \$3,145,400 in fiscal year 2011-2012 for debt service on  
 19 previously authorized bonds for the AVIS Replacement project.

# 20 **TOTAL - TRANSPORTATION CABINET**

21		<b>2010-11</b>	<b>2011-12</b>
22	General Fund	<u>4,839,400</u> <del>[4,856,600]</del>	<u>5,004,200</u> <del>[5,092,800]</del>
23	Restricted Funds	227,438,900	531,464,000
24	Federal Funds	718,294,000	718,311,400
25	Road Fund	1,181,485,300	1,259,954,500
26	Highway Bond	56,000,000	456,000,000
27	<b>TOTAL</b>	<u><b>2,188,057,600</b></u> <del>[2,188,074,800]</del>	<u><b>2,970,734,100</b></u> <del>[2,970,822,700]</del>

➔Section 8. 2010 (1st Extra. Sess.) Kentucky Acts Chapter 3, Part III, Funds Transfer; after 5. Vehicle Regulation, at page 198, is amended to read as follows:

**6. Vehicle Regulation**

<u>Agency Revenue Fund</u>	<u>-0-</u>	<u>1,600,000</u>	<u>-0-</u>
<u>(KRS 186.240(3))</u>			

➔Section 9. 2010 Kentucky Acts Chapter 154, Part I, Operating Budget, at pages 2122 and 2123, is amended to read as follows:

**PART I**

**OPERATING BUDGET**

**(1) Funds Appropriations:** There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, in the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices, including both Circuit and District Court support.

**1. Court of Justice**

**a. Court Operations and Administration**

	<b>2010-11</b>	<b>2011-12</b>
General Fund	<u>194,337,700</u> <del>[195,030,000]</del>	<u>189,720,200</u> <del>[193,079,700]</del>
Restricted Funds	35,218,000	35,218,000
Federal Funds	2,707,700	2,707,700
<b>TOTAL</b>	<u>232,263,400</u> <del>[232,955,700]</del>	<u>227,645,900</u> <del>[231,005,400]</del>

**(1) Salary Adjustments:** No funds are provided in fiscal year 2010-2011 and fiscal year 2011-2012 for salary adjustments for non-elected court personnel, Justices,

1 Judges, and Circuit Court Clerks.

2 **(2) Issuance of Employee Paychecks:** Notwithstanding any statute or  
3 administrative regulation to the contrary, the state payroll that would normally be  
4 scheduled to be paid on June 30, 2012, shall not be issued prior to July 1, 2012. The  
5 associated cost of this payroll shall be paid from fiscal year 2012-2013 resources. The  
6 Chief Justice shall transfer any Restricted Funds, that become excess as the result of this  
7 action, to the General Fund.

8 **(3) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended  
9 balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue  
10 into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal  
11 year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012.

12 **(4) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the  
13 increase from 2008 in civil filings fees, the additional income resulting from the fee  
14 increases, not to exceed \$5,000,000 in each fiscal year of the biennium, shall be deposited  
15 into a trust and agency account for court operations. Any revenue generated by these  
16 increases in excess of \$5,000,000 in each fiscal year of the biennium shall be deposited  
17 into the General Fund.

18 **(5) Night Court in Jefferson County:** The Administrative Office of the Courts  
19 shall continue the operations and current schedule of night court in Okolona and  
20 Middletown in Jefferson County in fiscal year 2010-2011 and fiscal year 2011-2012.

21 **b. Local Facilities Fund**

22		<b>2010-11</b>	<b>2011-12</b>
23	General Fund	90,500,000	117,500,000

24 **(1) Local Court Facility Compensation:** Included in the above General Fund  
25 appropriation are moneys to compensate local units of government for providing court  
26 space and for costs incurred in the development of local court facilities as defined in KRS  
27 Chapter 26A and provided in Part II of this Act, and to perform all other acts required or



1 authorized by KRS Chapter 26A.

2 **(2) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended  
3 balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue  
4 into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal  
5 year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012.

6 **(3) Fayette County Courthouse Use Allowance:** The use allowance for the  
7 Fayette County Courthouse is contingent upon Short Street in Lexington, Kentucky,  
8 remaining open to traffic.

9 **c. Local Facilities Use Allowance Contingency Fund**

10		<b>2010-11</b>	<b>2011-12</b>
11	General Fund	-0-	-0-

12 **(1) Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended  
13 balance remaining at the close of fiscal year 2009-2010 shall not lapse and shall continue  
14 into fiscal year 2010-2011, and any unexpended balance remaining at the close of fiscal  
15 year 2010-2011 shall not lapse and shall continue into fiscal year 2011-2012 to provide  
16 for cost overruns in authorized court facilities projects not to exceed 15 percent of the use  
17 allowance in accordance with KRS Chapter 26A.

18 **TOTAL - COURT OF JUSTICE**

19		<b>2010-11</b>	<b>2011-12</b>
20	General Fund	<u>284,837,700</u> <del>[285,530,000]</del>	<u>307,220,200</u> <del>[310,579,700]</del>
21	Restricted Funds	35,218,000	35,218,000
22	Federal Funds	2,707,700	2,707,700
23	TOTAL	<u>322,763,400</u> <del>[323,455,700]</del>	<u>345,145,900</u> <del>[348,505,400]</del>

24 **2. Judicial Retirement System**

25		<b>2010-11</b>	<b>2011-12</b>
26	General Fund	5,319,100	5,759,100

27 **(1) Judicial Retirement Benefits:** Notwithstanding KRS 21.345 to 21.580,

included in the above General Fund appropriation is \$4,840,000 in fiscal year 2010-2011 and \$5,280,000 in fiscal year 2011-2012 to fund 44 percent in fiscal year 2010-2011 and 48 percent in fiscal year 2011-2012 of the actuarial assessed judicial retirement benefits.

#### **TOTAL - OPERATING BUDGET**

	2010-11	2011-12
General Fund	<u>290,156,800</u> <del>[290,849,100]</del>	<u>312,979,300</u> <del>[316,338,800]</del>
Restricted Funds	35,218,000	35,218,000
Federal Funds	2,707,700	2,707,700
TOTAL	<u>328,082,500</u> <del>[328,774,800]</del>	<u>350,905,000</u> <del>[354,264,500]</del>

➔Section 10. In 2010 Kentucky Acts Chapter 156, Part I, Operating Budget, at pages 2129 and 2130, when published, the numeric amounts for both fiscal years for General Fund were misaligned. They have been correctly aligned in this Act. 2010 Kentucky Acts Chapter 156, Part I, Operating Budget, at pages 2129 and 2130, is amended to read as follows:

#### **PART I**

#### **OPERATING BUDGET**

**Funds Appropriations:** Funds are appropriated to the Legislative Research Commission for the Legislative Branch of government out of the General Fund and Restricted Funds accounts for the fiscal year beginning July 1, 2010, and ending June 30, 2011, and for the fiscal year beginning July 1, 2011, and ending June 30, 2012, in the following discrete sums, or so much thereof as may be necessary. Each appropriation is made by the source of respective fund or funds accounts to be used for the purposes of the Legislative Branch of government of the Commonwealth of Kentucky.

	2010-11	2011-12
<b>1. General Assembly</b>		
General Fund	<u>18,033,500</u> <del>[18,097,700]</del>	<u>18,554,700</u> <del>[18,883,200]</del>
Restricted Funds	53,000	119,300

1 TOTAL 18,086,500[18,150,700] 18,674,000[19,002,500]

2 (1) **Legislators Retirement and Compensation:** Notwithstanding KRS 6.500 to  
 3 6.577 and 21.345 to 21.580, included in the above General Fund appropriation are  
 4 sufficient funds to pay 44 percent of the actuarially required contribution in fiscal year  
 5 2010-2011 and 48 percent of the actuarially required contribution in fiscal year 2011-  
 6 2012 for the Legislators Retirement Plan. Notwithstanding KRS 6.190 and 6.213, the  
 7 daily compensation provided by KRS 6.190 and the interim expense allowance provided  
 8 by KRS 6.213 for members of the General Assembly shall remain at the January 1, 2010,  
 9 level.

10 (2) **Kentucky Legislative Ethics Commission:** Included in the above General  
 11 Fund appropriation is \$388,500 in fiscal year 2010-2011 and \$388,600 in fiscal year  
 12 2011-2012 for the Kentucky Legislative Ethics Commission. Included in the above  
 13 Restricted Funds appropriation is \$48,000 in fiscal year 2010-2011 and \$114,300 in fiscal  
 14 year 2011-2012 for the Kentucky Legislative Ethics Commission.

15 (3) **Kentucky Long-Term Policy Research Center:** Notwithstanding KRS  
 16 7B.010 to 7B.090, operation of the Kentucky Long-Term Policy Research Center and its  
 17 governing board shall be suspended effective July 1, 2010, and shall remain suspended  
 18 for the 2010-2012 fiscal biennium or until funding is restored. No funds are appropriated  
 19 for the Kentucky Long-Term Policy Research Center for fiscal year 2010-2011 and fiscal  
 20 year 2011-2012.

21 (4) **Legislators Compensation During Veto Period:** (a) Except as provided in  
 22 paragraph (b) and notwithstanding any statute to the contrary, members of the General  
 23 Assembly shall not receive the daily compensation provided by KRS 6.190, the  
 24 additional allowance provided by KRS 6.211, or any other payment or reimbursement  
 25 for expenses for veto days during the First Extraordinary Session of the 2011 General  
 26 Assembly. The Secretary of the Finance and Administration Cabinet and the State  
 27 Treasurer shall not process any warrants or other documents for payment of

compensation and expenses of the members for veto days during the First Extraordinary Session of the 2011 General Assembly. The State Treasurer shall not issue checks for payment of compensation and expenses for members of the General Assembly for said veto days.

(b) The President of the Senate and the Speaker of the House shall, during the veto days of the First Extraordinary Session of the 2011 General Assembly, have authority, including authority granted by KRS 7.090(10), to authorize days of official business per diem and expenses for individual members of their respective chambers.

	2010-11	2011-12
<b>2. Legislative Research Commission</b>		
General Fund	<u>32,669,800</u> [32,786,100]	<u>34,309,400</u> [34,916,900]
Restricted Funds	-0-	-0-
TOTAL	<u>32,669,800</u> [32,786,100]	<u>34,309,400</u> [34,916,900]

**Permanent Full-time Employees:** The total number of permanent full-time employees hired by the Legislative Research Commission with the above appropriation, and not assigned specifically to the House and Senate members of the Legislative Research Commission, shall not exceed 232 in fiscal year 2010-2011 and 232 in fiscal year 2011-2012. In addition to this number, the total number of permanent full-time employees assigned specifically to the House members of the Legislative Research Commission shall not exceed 19 and the permanent full-time employees assigned specifically to the Senate members of the Legislative Research Commission shall not exceed 10.

#### **TOTAL - OPERATING BUDGET**

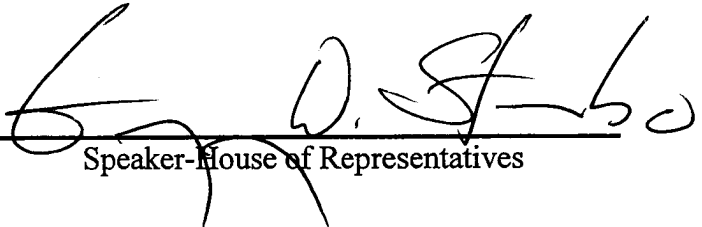
	2010-11	2011-12
General Fund	<u>50,703,300</u> [50,883,800]	<u>52,864,100</u> [53,800,100]
Restricted Funds	53,000	119,300
TOTAL	<u>50,756,300</u> [50,936,800]	<u>52,983,400</u> [53,919,400]

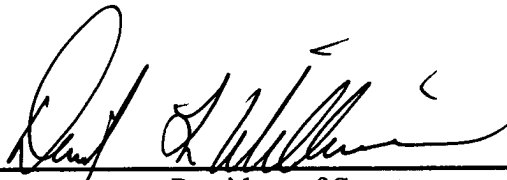
1       **Unexpended Balance:** Notwithstanding KRS 45.229, any unexpended balance  
 2 remaining at the close of fiscal year 2009-2010 shall not lapse but shall continue into  
 3 fiscal year 2010-2011, and any unexpended balance in any succeeding fiscal year shall  
 4 not lapse but shall continue into the following fiscal year.

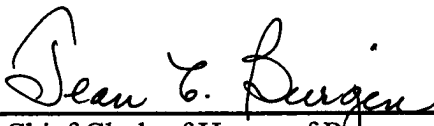
5                               **TOTAL - LEGISLATIVE BRANCH BUDGET**

	2010-11	2011-12
7       General Fund	<u>50,703,300</u> <del>[50,883,800]</del>	<u>52,864,100</u> <del>[53,800,100]</del>
8       Restricted Funds	53,000	119,300
9       TOTAL	<u>50,756,300</u> <del>[50,936,800]</del>	<u>52,983,400</u> <del>[53,919,400]</del>

10       ➔Section 11. Whereas it has become necessary to address certain budgetary  
 11 issues regarding the 2010-2012 biennium enacted branch budget bills, an emergency is  
 12 declared to exist, and this Act takes effect upon its passage and approval by the Governor  
 13 or upon its otherwise becoming a law.

  
\_\_\_\_\_  
Speaker-House of Representatives

  
\_\_\_\_\_  
President of Senate

Attest:   
\_\_\_\_\_  
Chief Clerk of House of Representatives

Approved \_\_\_\_\_  
Governor

Date \_\_\_\_\_



**OFFICE OF THE GOVERNOR**

To: Jean Burgin, Clerk of the House

From: Kerly Taulbee, Gov's Office

Date: March 25, 2011

HB1 with partial veto

Received By: Jean C. Burgin

Date: March 25, 2011